# SENATE.

# Monday, August 14, 1916.

The Senate met at 12 o'clock m.

Bishop E. E. Hoss, D. D., of Nashville, Tenn., offered the

We thank Thee, our Heavenly Father, for the good providence which has been over our lives during all the years that are past and which has brought us in peace and safety to this hour. pray Thee to let Thy blessing rest upon the deliberations of this body to-day. Grant that everything that is done here may be done in Thy fear and for Thy glory, and may eventuate in the welfare of our country and the common interest of mankind.

Bless Thy servant, the Presiding Officer of this body, and all the Senators from all the States, with their families, their wives and children, and their constituents. Bless our country. thank God for this country, and especially praise Him at this time that in the order of His providence while all the world is in tumult and storm we are at peace; and we pray that in the years to come we will be kept at peace, with honor. Protect and preserve us, we beseech Thee, from the afflictions that distress mankind. Hasten the coming of peace throughout the world. O God, in Thy own way, in Thy own good time, send peace to the disturbed and restless earth.

Listen to these our prayers. Forgive our sins and save us for

His sake, who taught us in prayer to say:

"Our Father, who art in heaven, hallowed be Thy name; Thy kingdom come; Thy will be done in earth as it is in heaven. Give us this day our daily bread, and forgive us our trespasses as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For Thine is the kingdom and the power and the glory for ever and ever." Amen.

#### THE JOURNAL.

The Journal of the proceedings of Saturday last was read and approved.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the following bills:

S. 1781. An act for the relief of Nathaniel Monroe:

S. 1818. An act for the relief of Nelson T. Saunders;

S. 3539. An act for the relief of John L. Moon;

S. 6013. An act to confirm the entry of John Dowd; and

S. 6331. An act authorizing the Secretary of the Interior to issue patent to William H. Ingle for homestead entry in Colorado. The message also announced that the House agrees to the amendment of the Senate to the bill (H. R. 11129) for the relief of the owners of the barkentine Mabel I. Meyers and her

master and crew, and for the relief of the owners of cargo of

molasses late on board said barkentine.

The message further announced that the House had passed the bill (S. 6369) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and of wars other than the Civil War, and to certain widows and dependent relatives of such soldiers and sailors, with amendments, in which it requested the concurrence of the

The message also announced that the House had passed the bill (S. 3533) for the relief of Mike G. Womack with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1093. An act for the relief of James Anderson;

H. R. 1358. An act for the relief of Everett H. Corson;

H. R. 1568. An act for the relief of N. Ferro; H. R. 1571. An act for the relief of Albert T. Huso;

H. R. 1867. An act for the relief of John Berrin;

H. R. 1963. An act for the relief of John E. Keys

H. R. 2544. An act for the relief of Thomas P. Darr

H. R. 3223. An act for the relief of John W. Baggott;

H. R. 3238. An act for the relief of Sarah E. Elliott;

H. R. 3296. An act for the relief of Gertrude Becherer;

H. R. 4360. An act for the relief of George W. Laland; H. R. 5221. An act for the relief of Thomas E. Philips;

H. R. 5318. An act for the relief of Frederick Chateau; H. R. 5385. An act for the relief of William A. Steward;

H. R. 5386. An act for the relief of William A. Steward;
H. R. 5386. An act for the relief of James Campbell;
H. R. 5689. An act for the relief of Thomas J. Temple;
H. R. 6145. An act for the relief of Edward F. McDermott,
alias James Williams.
H. R. 7045. An act for the relief of Caleb T. Holland;
H. R. 7763. An act for the relief of Stephen J. Simpson;

H. R. 8411. An act for the relief of James R. McGuire;

H. R. 8844. An act for the relief of H. B. Rogers;

H. R. 8945. An act for the relief of John P. Chesley H. R. 8970. An act for the relief of James H. C. Mann;

H. R. 9968. An act for the relief of the legal representatives of W. H. Mills, deceased; H. R. 10007. An act for the relief of William H. Woods;

H. R. 10007. An act for the relief of William H. Woods H. R. 10173. An act for the relief of Anna C. Parrett; H. R. 10697. An act for the relief of S. Spencer Carr; H. R. 11288. An act for the relief of S. S. Yoder; H. R. 11685. An act for the relief of Ivy L. Merrill; H. R. 11745. An act for the relief of S. E. Bennett; H. R. 11860. An act for the relief of Halvor Nilsen;

H. R. 12135. An act to reimburse D. H. Carpenter, postmaster at Seddon, Ala., for money and stamps stolen from said post office at Seddon, Ala., and repaid by him to the Post Office De-

partment:

H. R. 12145. An act for the relief of Joseph Manning; H. R. 12240. An act for the relief of John Brodie;

H. R. 13106. An act for the relief of the trustee and parties who are now or who may hereafter become interested in the estate of James A. Chamberlain under the terms of his will;
H. R. 13788. An act for the relief of Joseph A. Prat;

H. R. 13820. An act for the relief of Mrs. Jennie Buttner; H. R. 14245. An act for the relief of Edward Looby;

H. R. 14571. An act for the relief of the Milwaukee Bridge

H. R. 14572. An act for the relief of Gertie Foss; H. R. 14784. An act for the relief of Alma Provost; H. R. 14826. An act for the relief of F. M. Barfield; H. R. 14927. An act for the relief of William H. Boyer;

H. R. 14978. An act for the relief of Ida Turner; H. R. 15109. An act for the relief of Catherine A. Fox;

H. R. 15718. An act for the relief of Thomas Baker; H. R. 16519. An act for the relief of Joseph F. Mitchell; H. R. 16590. An act for the relief of George Le Clear; H. R. 16719. An act for the relief of John P. Sutton; and

H. R. 16974. An act for the relief of John L. Kelley.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House the message also announced that the speaker of the House had signed the enrolled bill (H. R. 13982) to extend temporarily the time for filing applications and fees and taking action in the United States Patent Office in favor of nations granting reciprocal rights to United States citizens.

### PETITIONS AND MEMORIALS.

Mr. WORKS. I have two telegrams here in the nature of memorials, one from the Los Angeles Clearing House Association and the other from the California Bankers' Association, protesting against the imposition of a special tax upon banks in the revenue bill. I ask that the telegrams may be printed in the RECORD and referred to the Committee on Finance.

The telegrams were referred to the Committee on Finance and ordered to be printed in the Record, as follows:

LOS ANGELES, CAL., August 12, 1916.

Hon. John D. Works,

United States Senate, Washington, D. C.:

This association, representing 22 members and affiliated banks of Los Angeles city, respectfully request that you use every influence possible toward preventing the reinstatement in the revenue bill now under consideration of the special bankers' tax of \$1\$ per thousand. We oppose most strenuously any such special tax as being discriminatory and unjust unless applied to all corporations.

Los Angeles Clearing House Association,
J. F. Sartori, President.

F. W. Smith, Secretary.

SAN FRANCISCO, CAL., August 13, 1916.

SAN FRANCISCO, CAL., August 13, 1916.

Hon. John D. Works,

United States Senate, Washington, D. C.:

At a special meeting held here yesterday afternoon by the executive council of the California Bankers' Association, representing 700 banks in this State, it was unanimously resolved to most earnestly urge you to use your best efforts to prevent the inclusion in the Senate revenue bill of the proposed special tax upon the capital and surplus of banks. This tax, if levied upon capital invested in a particular line of commercial effort, would constitute a most unjust discrimination. Bankers are entirely willing to bear their full share of the burdens of national expense, but vigorously protest against being singled and especially taxed when capital otherwise employed in business activities is not called upon in like manner.

California Bankers' Association

# CALIFORNIA BANKERS' ASSOCIATION.

Mr. CHAMBERLAIN. I may state in this connection that I have received a number of telegrams of the same purport as those presented by the Senator from California.

Mr. SMOOT. I desire also to state that I have received hundreds of such telegrams, which I have not asked to have placed

in the RECORD.

Mr. JONES. I have a telegram relating to the same matter, reading as follows:

SEATTLE, WASH., August 13, 1916.

Hon. Wesley L. Jones,

Washington, D. C.:

We are told Democratic caucus may reinstate special bankers' tax in revenue bill. We believe such tax is discriminatory and unfair, and respectfully urge your opposition to it.

Seattle Clearing House Association. I have

This is from the Seattle Clearing House Association. I have here another telegram from the Spokane Clearing House Association making the same request. I ask that these telegrams may be referred to the Committee on Finance in the hope that the Democratic membership of that committee will call them to the

attention of the Democratic caucus.

The VICE PRESIDENT. They will be so referred.

Mr. GRONNA. In connection with the subject referred to by the Senator from Washington [Mr. Jones] I have two telegrams which I ask may be referred to the Committee on Finance, and I also ask that they may be printed in the RECORD. They are very brief.

The telegrams were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

SPOKANE, WASH., August 12, 1916.

Senator A. J. Gronna, Washington, D. C.:

• We understand the caucus is considering reinstating the special bankers' tax of \$1 per thousand. We solicit your opposition to the measure, because the law discriminates and is unjust. Your assistance will be appreciated.

R. L. RUTTER, President Spokane & Eastern Trust Co.

SPOKANE, WASH., August 12, 1916.

Senator A. J. GRONNA, Washington, D. C .:

We are informed there is a possibility of the special bankers' tax being reinstated in the revenue bill. The members of this association will appreciate your efforts in endeavoring to defeat such an unjust and discriminatory measure.

SPOKANE CLEARING HOUSE ASSOCIATION. Mr. CURTIS presented a petition of sundry citizens of Arkansas City., Kans., praying for action by the Government to prevent a general railroad strike, which was referred to the

Committee on Interstate Commerce.

Mr. PHELAN presented petitions of the Chamber of Commerce of San Fernando and of the Chamber of Commerce of Redlands, in the State of California, praying for the settlement of the difficulties between the railroads and their employees by the Interstate Commerce Commission, which were referred to the Committee on Interstate Commerce.

## REPORTS OF COMMITTEES.

Mr. JAMES, from the Committee on Patents, to which was referred the bill (H. R. 13618) to amend section 4931 of the Revised Statutes of the United States, reported adversely thereon, and the bill was postponed indefinitely.

Mr. WALSH, from the Committee on the Judiciary, to which was referred the bill (H. R. 15807) to provide for holding sessions of the United States district court in the district of Maine.

sions of the United States district court in the district of Maine and for dividing said district into divisions, and providing for and for dividing said district into divisions, and providing for offices of the clerk and marshal of said district to be maintained in each of said divisions, and for the appointment of a field deputy marshal in the division in which the marshal does not reside, reported it with amendments and submitted a report (No. 786) thereon.

Mr. REED, from the Committee on the Judiciary, to which was referred the bill (S. 6843) to amend an act entitled "An act to create a Commerce Court, and to amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as here-

act to regulate commerce, approved February 4, 1887, as here-tofore amended, and for other purposes," approved June 18, 1910, reported it without amendment and submitted a report (No. 787) thereon.

He also, from the same committee, to which was referred the bill (S. 4500) to incorporate the World's Sunday School Association, reported it with amendments and submitted a report

(No. 788) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 3180) to authorize the appointment of Clarence C. Kress to the grade of captain, United States Army, Medical Corps, reported it without amendment and submitted a report (No. 789) thereon.

Mr. SWANSON, from the Committee on Public Buildings and

Mr. SWANSON, from the Committee on Funda Buildings and Grounds, to which was referred the bill (S. 4356) to enlarge, extend, remodel, and repair the United States post-office and courthouse building located at Baltimore, Md., reported it with an amendment and submitted a report (No. 790) thereon.

AIDS TO NAVIGATION.

Mr. CLARKE of Arkansas. From the Committee on Commerce I report back favorably with an amendment the bill (H. R. 14338) to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes.

I ask unanimous consent for the present consideration of the bill, and in connection with the request I will make a short

statement.

This is what is known as the lighthouse bill. It contains provision for certain needed establishments in connection with that service. The Senate passed a bill and the House passed a bill on the same subject, but it did not contain all the provisions included in the Senate bill. The Senate bill is now on the House Calendar. The chairman of the House Committee on Interstate and Foreign Commerce advises me that there will be no further meeting of that committee at this session, and the only way the matter can be properly brought before the House of Representa-tives in the absence of a reference to the committee is by the course we propose to take now-to strike out the House bill and to insert the Senate bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendment of the committee was to strike out all after the

enacting clause and to insert:

That the Secretary of Commerce is hereby authorized to establish, provide, or improve the following aids to navigation and other works in the Lighthouse Service, under the Department of Commerce, in accordance with the respective limits of costs hereinafter respectively set forth, which shall in no case be exceeded:

Light keepers' dwellings and appurtenant structures, including sites therefor, within the limit of cost fixed by the act approved February 26, 1907 (34 Stats., p. 996), \$75,000.

Constructing and equipping light vessels for general service on the Great Lakes, or for general service, \$150,000.

SECOND LIGHTHOUSE DISTRICT.

Constructing and equipping a lighthouse depot for the second lighthouse district, \$85,000.

THIRD LIGHTHOUSE DISTRICT.

Constructing, or purchasing, and equipping a lighthouse tender to replace tenders worn out in service in the third lighthouse district, \$120,000.

Improving the light station, moving the fog signal, and constructing a keeper's dwelling at Great Salt Pond Light Station, R. I., \$25,000. Improvement of the offices and laboratory at the general lighthouse depot at Tompkinsville, Staten Island, N. Y., \$21,000.

Improving the aids to navigation on the East River, N. Y., \$16,000.

Constructing and equipping a light vessel for station off Cape Charles, Va., or for general service, \$130,000.

Improving lights and fog signals leading to Cape Charles City, Va., \$12,800.

Improving aids to navigation and establishing new aids on the eastern shore of Chesapeake Bay and tributaries, Maryland and Virginia, \$29,000. FIFTH LIGHTHOUSE DISTRICT.

NINTH LIGHTHOUSE DISTRICT.

Removal and rebuilding on another site of the light station and dwelling at or near Point Borinquen, Porto Rico, \$85,000.

TENTH LIGHTHOUSE DISTRICT.

Aids to navigation at Huron Harbor, Ohio, \$4,500. Improving the aids to navigation at Fairport Harbor, Ohio, \$42,000. ELEVENTH LIGHTHOUSE DISTRICT.

Improving aids to navigation and establishing new aids at or near the entrance to Keweenaw Waterway Harbor of Refuge, Portage River. Mich., \$110,000.

Improving the light and fog-signal station at Manitowoc North Breakwater, Wis., \$21,000.

SIXTEENTH LIGHTHOUSE DISTRICT. Aids to navigation and improvement of existing aids in Alaska,

\$60,000. SEVENTEENTH LIGHTHOUSE DISTRICT.

For the establishment of aids to navigation and improvement of existing aids in Washington and Oregon, seventeenth lighthouse district, \$35,000.

## NINETEENTH LIGHTHOUSE DISTRICT.

Constructing and equipping a temporary lighthouse depot at Honolulu, Territory of Hawaii, pending the establishment of a permanent depot, \$5,000; and authority is hereby granted to erect such temporary depot on land to be leased

Construction and equipment of a lighthouse depot for the nineteenth lighthouse district, \$90,000: Provided, That arrangements shall be made to use for the purposes herein lands and property now belonging to the United States and being used by the Navy for naval purposes.

Sec. 2. That hereafter the Secretary of Commerce is authorized, whenever he shall deem it advisable, to exchange any right of way of the United States in connection with lands pertaining to the Lighthouse Service for such other right of way as may be advantageous to the service, under such terms and conditions as he may deem to be for the best interests of the Government; and in case any expenses are incurred by the United States in making such exchange the same shall be payable from the appropriation "General expenses, Lighthouse Service" for the fiscal year during which such exchange shall be effected.

Sec. 3. That hereafter post lantern lights and other aids to navigation may be established and maintained, in the discretion of the Commissioner of Lighthouses, out of the annual appropriation for the Lighthouse Service on the Mobile, Tombigbee, Warrior, and Black Warrior Rivers, Ala.

Sec. 4. That the appropriation "General expenses, Lighthouse Service" shall be available for the purchase and necessary equipment of one motorcycle and the repair and operation of the same for use of the Lighthouse Service in the Hawaiian Islands.

Sec. 5. That hereafter light keepers and assistant light keepers of the Lighthouse Service shall be entitled to medical relief without charge at hospitals and other stations of the Public Health Service under the rules and regulations governing the care of seamen of the merchant marine: Provided, That this benefit shall not apply to any keeper or assistant keeper who receives an original appointment after the passage of this act unless the applicant passes a physical examination in accordance with rules approved by the Secretary of Commerce and the Secretary of the Treasury.

The amendment was agreed to.

The bill was reported to the Senate, and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

A bill (S. 6857) for the relief of John Flanigan; to the Committee on Indian Affairs.

By Mr. WADSWORTH (by request):

A bill (S. 6858) to state the rights of nations and to lay the foundations for the establishment of a Court of Nations, a Congress of Nations, and an International Army and Navy, and for other purposes; to the Committee on Foreign Relations.

A bill (S. 6859) to amend section 8 of the act of April 26, 1910, entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded Paris greens, lead arsenates, and other insecticides and also fungicides, and for regulating traffic therein, and for other purposes"; to the Committee on Agriculture and Forestry.

By Mr. CHAMBERLAIN:

A bill (S. 6860) granting an increase of pension to Jonas H. Upton (with accompanying papers); to the Committee on Pen-

By Mr. CUMMINS:

A bill (S. 6861) granting an increase of pension to David Galbraith (with accompanying papers); to the Committee on Pen-

By Mr. CHAMBERLAIN:

A bill (S. 6862) for the relief of Amos Dahuff; to the Committee on Military Affairs.

#### CIVIL EMPLOYEES IN THE NATIONAL GUARD.

Mr. PENROSE. I introduce a joint resolution which I ask to have read for the information of the Senate and then referred to the Committee on Military Affairs.

The joint resolution (S. J. Res. 164) for the relief of civil

employees of the Federal Government who are members of the National Guard or Naval Militia of the several States, Territories, or the District of Columbia was read the first time by its title and the second time at length and referred to the Committee on Military Affairs, as follows:

Resolved, etc., That the President be, and he is hereby, authorized to grant a leave of absence, with pay, to all civil employees of the United States of America, who, being members of the National Guard or Naval Militia of any State or Territory, or of the District of Columbia, by reason thereof, shall have been or shall hereafter be summoned and received into the military or naval service of the United States during the continuation of such service and until his discharge therefrom.

#### RELIEF OF FLOOD SUFFERERS IN WEST VIRGINIA.

Mr. CHILTON. I introduce a joint resolution making an appropriation for the temporary relief of the flood sufferers in West Virginia. I ask that the joint resolution be read.

The joint resolution (S. J. Res. 165) for relief of the flood sufferers in West Virginia, was read the first time by its title and the second time at least the second time at least the second time.

and the second time at length, as follows:

Resolved, etc., That the sum of \$200,000, or so much thereof as may be necessary, is hereby appropriated out of any money in the Treasury not otherwise appropriated, for the relief of persons suffering by reason of the recent floods on the waters of the Kanawha, Mud, and Coal Rivers in West Virginia. The Secretary of War, under such regulations as he may prescribe from time to time, is authorized to expend said sum, or so much thereof as may be necessary, in relieving destitution and caring for the injured and homeless who are suffering from the result of said flood and providing sanitary conditions; and he shall keep accounts of his expenditures hereunder and shall report the same to Congress; and shall, as far as possible, cooperate with local and State authorities, relief associations, and organizations; and he may use any Army tents, equipment, or supplies which he may deem proper in affording adequate and immediate relief.

Mr. CHILTON. Mr. President, in connection with the joint resolution I wish to have placed in the RECORD some telegrams which I have received from the governor and other officials and prominent citizens of the State of West Virginia,

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

CHARLESTON, W. VA., August 13, 1916.

Hon. W. E. CHILTON. United States Senate, Washington, D. C.:

Have just returned from visit through Cabin Creek and Coal River districts. Newspaper reports of the situation are not exaggerated, except possible loss of life, which is approximately 75. More than 5,000 people are homeless and without food and clothing. Thirty to fifty thousand dollars is needed for immediate relief work. I have issued an appeal to people of the State for funds; provisions are being distributed effectively through heroic efforts of 500 men of West Virginia National Guard. West Virginia will be glad to receive any aid from the Federal Government in this disaster, the most destructive in the history of the State.

H. D. HATFIELD. Gavernor.

H. D. HATFIELD, Governor,

CHARLESTON, W. VA., August 13, 1916.

Hon. W. E. CHILTON, United States Senate, Washington, D. C.:

United States Senate, Washington, D. C.:

Flood victims have been given temporary relief in way of food supplies and shelter. Nearly 1,000 families lost everything. By using National Guard we have reached practically all victims with food supplies and there is no actual suffering. Permanent relief needed in another week in way of clothing and house furnishings. On orders of governor, I am purchasing and forwarding supplies for immediate needs, but, as you know, there is no appropriation from which to pay for such purchases. About \$50,000 needed for permanent relief. Governor has called upon people for relief fund.

BOND, Adjutant General.

ST. ALBANS, W. VA., August 13, 1916.

W. E. CHILTON, Washington, D. C.:

Coal River Lumber & Coal Co. ruined. Four drowned. Heavy relief will be needed. A. W. WHEATON, Mayor.

CHARLESTON, W. VA., August 13, 1916.

CHARLESTON, W. VA., August 13, 1916.

Hon. W. E. CHILTON,

United States Senate, Washington, D. C.:

Loss of life will reach about 60; property loss will exceed \$5,000,000.

Losses are on the Horse Creek, Mud River, portion of Little Coal, Big Coal River for about 80 miles, and all of main Cabin Creek. About 1,000 families homeless, without clothing or food, are being cared for by liberal contributions. Food and clothing being distributed by the soldiers now encamped at Kanawha City by pack trains; railroad and wagon roads gone. It will take \$150,000 to take care of needs of homeless population. Can you do anything to help the people there?

DAVID A. JAYNE, General Manager Charleston Daily Gazette.

CHARLESTON, W. VA., August 13, 1916.

W. E. CHILTON,

United States Senate, Washington, D. C.:

Just returned from Racine and Peytona. Two drowned at Peytona; 600 homeless from Seth to Ashford, with nothing left; 1,500 in this district. Can you get temporary mail service established from Marmet to Peytona via Racine? Great relief. Wire in care Ruffner Hotel.

W. M. Osborns,

United States Marshat.

WHITE SULPHUR SPRINGS, W. VA., August 13, 1916—5.15 p. m.

Hon. W. E. CHILTON,

United States Senate, Washington, D. C.:

Your wire my arrival here this morning. Have just returned from walk and ride mouth to head of Cabin Creek. About 700 families have lost all but clothes on their backs. Hundred thousand dollars should be raised quick in our State to buy beds, bedding, clothing, cooking utensils, etc., to start these people. Though company's loss is appalling, believe they will see that all are fed, but impossible for them to do more. Appreciate your sympathy.

J. R. Thomas.

CHARLESTON, W. VA., August 13, 1916.

Hon. W. E. CHILTON,

United States Senate, Washington, D. C.:

More than 1,000 families made homeless and left without food or clothing. Roads and railroads washed away. Food taken to them by pack route with difficulty across mountains. This work is being done by members of the National Guard encamped at Kanawha City. Contributions are liberal, but not sufficient to meet the needs of these homeless and destitute people. For 80 miles on Big Coal River not a home left in the bottom lands. From my intimate knowledge of this territory it will take \$200,000, in addition to what will be raised here, to take care of these people. I hope you may be able to help people. Saml. Stephenson.

Mr. CHILTON. I have just received a telegram from R. G. Hubbard, of Charleston, W. Va., which I also ask to have in-corporated in the RECORD. Mr. Hubbard is a partner in one of the large wholesale firms in Charleston and is most conservative in his statements.

The VICE PRESIDENT. Without objection, it is so ordered. The telegram is as follows:

CHARLESTON, W. VA., August 14, 1916.

Hon. W. E. CHILTON, Washington, D. C.:

We are trying to raise here not less than \$100,000 for the homeless in Cabin Creek and Coal River. Every new investigation shows situation worse than yet reported. Amount needed not less than \$500,000. This is a case where Government aid is needed. R. G. HUBBAPO.

Mr. CHILTON. I ask that the joint resolution be referred to the Committee on Appropriations. I do not see the chairman of the committee here, but I sincerely hope that the committee

will make an early report.

Mr. President, I hesitate to ask Congress to help the State of West Virginia in this direct way, but I wish to state in this connection that our people are responding liberally in this The newspapers of that section are raising large catastrophe. funds. One, I see, has raised two or three thousand dollars. The State government has responded promptly, but the extent of the disaster is such that it is impossible for local help to be adequate. The flood extends over a distance of probably 100 miles. It has destroyed millions of dollars of property and a great many lives and has rendered many thousands of our people homeless. The situation is but partially covered by these telegrams. In addition to the telegrams from Gov. Hatfield and Adjt. Gen. Bond, I call attention to that of Mr. J. R. Thomas, a prominent citizen, who is a great sufferer financially himself, who has been personally over that part of the flooded area on Cabin Creek, and he speaks from actual observation; and I know that his statements can be relied upon. Mr. Osborne is the United States marshal and Mr. Stephenson is a prominent citizen, and both are well acquainted with the Coal River section which was inundated, and speak from actual knowledge. Mr. Jayne, of the Gazette, is one of those connected with relief work, and is in a position to have reliable information. Mayor Wheaton, of St. Albans, is in a position to speak with knowledge of the lower Coal River section. In addition to these, I have information, through ex-Gov. Mac-Corkle and other friends, communicated by telephone and telegrams, which enables me to say that the situation is critical and the Government should extend aid not alone from the promptings of humanity, but in the interests of the public health.

Mr. PENROSE. The Senator is not very easy to hear on this side of the Chamber. Does he ask for an appropriation?

Mr. CHILTON. Yes. I ask that the joint resolution be

referred to the Committee on Appropriations.

Mr. PENROSE. How much does the Senator ask for?

Mr. CHILTON. I ask for \$200,000.
Mr. PENROSE. I thought I would move to amend the joint resolution so as to give several hundred thousand dollars to Pittsburgh. I have here a newspaper clipping which I should like to have read by the Secretary for the information of the Senate and the Senator.

The VICE PRESIDENT. Is there objection? The Chair

hears none.

Mr. PENROSE. Of course the Senator will accept the amendment in his benevolence, I have no doubt.

Mr. CHILTON. The joint resolution goes to the committee.

can not accept an amendment.

Mr. PENROSE. I should like to have the clipping read.

The Secretary read as follows:

\$1,000,000 STORM LOSS IN PITTSBURGH DISTRICT—SOME STREETS COVERED WITH 2 FEBT OF DEBRIS AND SUBURBAN TRAFFIC CRIPPLED—TWO LIVES TOLL OF DELUGE—FAMILIES MADE HOMELESS AND RELIEF MOVEMENT STARTED TO ALLEVIATE DISTRESS.

PITTSBURGH, August 6, 1916.

PITTSBURGH, August 6, 1916.

Following the destructive storm which swept this region Saturday afternoon, causing two deaths, endangering many others, and causing more than \$1,000,000 loss by fire, lightning, and rain, thousands of men have been put to work repairing damage. The west and south hills district of the city suffered most. Many streets are covered with 2 inches to 2 feet of débris and mud. Traffic will be crippled in Hays, Homestend, West Homestead, Braddock, Turtle Creek, Munhall, Fairhaven, and other suburbs for several days.

Search in Saw Mill Run from the nineteenth ward to the Ohio River by Peter Bandel disclosed no trace of the body of his daughter, Mary Bandel, aged 15, who was drowned near her home in Edgebrook Avenue during the storm, when she went into a chicken coop on the brink of the swollen creek to save chickens.

Edward Duncan, aged 50, was killed instantly by lightning in his home at Trotter while the storm was at its height. His home was damaged.

In Hays, across the Monongahela River from Pittsburgh, where many families were made homeless when the Glass Run Creek overflowed its banks during the tempest, a movement was started to-day to raise a relief fund. Neighbors last night provided shelter for the families whose homes were destroyed.

The foundations of more than a score of houses were washed away in the vicinity of Glass Run. Fifty carloads of débris were removed by the Baltimore & Ohio Railroad to-day from Rand Station, where the storm caused a landslide.

Munhall was without water last night and to-day as a result of the South Pittsburgh water main, near Hays, having burst.

Six children who were reported missing from their home in Hays during the storm, and were believed to have perished, were found in the homes of neighbors to-day. Mothers became almost frantic when their children failed to return home during the storm. They hurried to police headquarters, and a squad of police was detailed to investigate.

least by his expression, whether he is in earnest or whether he

Mr. PENROSE. No, Mr. President; if \$200,000 is to go to flood sufferers in West Virginia, I want a similar amount to go to Pittsburgh, and other cases I think will occur to me between now

and to-morrow to further amend the joint resolution.

Mr. CHILTON. Mr. President, I apprehended just what the Senator's motive was. I want to say to him that West Virginia has had a great many floods, a great many misfortunes, a great many terrible things in the way of water catastrophes and fire This is the first time she has ever presented a matter of this kind to Congress, and it was only on the representation of an official character from the governor and other prominent people of the State that many thousands of people were in danger of losing their lives as a result of this terrible catastrophe that I introduced the joint resolution. I want to call the attention of the Senate to the fact that many appropriations of this kind have been made, some of them during the present session. I do not think this request on the part of the officials and prominent people of the State, people who are contributing of their own means to the extent of their ability, who come with a petition saying that thousands of children and women are in distress, should be met in the contemptuous or the laughing way suggested by the remarks of the Senator from Pennsylvania and the newspaper clipping he had read at the desk. I do not think the newspaper clipping he had read at the desk. I do not think it is a time when we should be making merriment over the distress of thousands of women and children. I am introducing the joint resolution in good faith. I ask the committee for prompt work in disposing of it, and I shall ask the Senate to consider it seriously, not in the light vein suggested by the remarks of the Senator from Pennsylvania.

Mr. OLIVER. Mr. President, as a resident of Pittsburgh I think I ought to say the suggestion of my colleague did not emanate from that city. We are not asking for any Federal

help at this time.

The VICE PRESIDENT. The joint resolution will be referred to the Committee on Appropriations.

#### THE REVENUE.

Mr. HITCHCOCK. Mr. President, I ask that an amendment to be proposed to the revenue bill (H. R. 16763), which I send to the desk, may be read for the information of the Senate.

The Secretary read as follows:

the desk, may be read for the information of the Senate.

The Secretary read as follows:

That on and after the passage of this act there shall be levied, collected, and paid on all certificates of stock or investment securities imported from any foreign country to the United States or into any of its possessions the rates and duties as follows:

Upon bonds or time obligations of foreign Governments the customs duty of 1 per cent upon the par value.

Upon bonds or time obligations extending more than one year of all companies incorporated under the laws of the United States or of any State thereof or of the District of Columbia or of any foreign country 1 per cent of the par value thereof.

Upon certificates of capital stock whether common or preferred in all companies incorporated in foreign countries or in the United States or in any State thereof or in the District of Columbia the customs duty of 2 per cent upon the par value thereof.

The above rates of duty shall apply whether the actual bonds or actual certificates of stock are imported or whether only certificates of apply whether said stocks, bonds, or certificates are imported for or upon purchase and sale or whether they are imported only for the purpose of security for loans or borrowed for use of any sort.

Any person whether owner or consignee or agent acting in the importation of said stocks, bonds, or certificates shall enter them as prescribed by the Secretary of the Treasury and make a declaration upon a form to be prescribed by him and filed with the collector of the port at the time of entry, similar to what is required in the case of the entering of merchandise by invoice. Any attempt to import such stocks, bonds, or certificates in any other way for the purpose of avoiding the payment of customs duty by concealing the fact of said importation from the customs authorities shall be deemed a violation of law, and any person so violating shall upon conviction be fined for each offense the amount not exceeding 50 per cent of the market value of

# AMENDMENT TO DEFICIENCY APPROPRIATION BILL.

Mr. SMITH of South Carolina submitted an amendment proposing to appropriate \$7,055.94, being the unpaid part of the appropriation heretofore made to Benjamin Harry Rutledge, administrator of Adam Tunno, surviving partner of Tunno & Co., on the ship *Leeds Packet*, Richard Bunce, master, in the act of Congress approved March 3, 1899, etc., intended to be proposed by him to the general deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

### COMPENSATION OF INJURED EMPLOYEES.

Mr. GALLINGER submitted an amendment intended to be proposed by him to the bill (H. R. 15316) to provide compensation for employees of the United States suffering injuries while Mr. CHILTON. Mr. President, I should like to ask the Senator if he is in good faith about this request? The Senator has joked so much with the Senate of late that I never can tell, at which was ordered to lie on the table and be printed.

#### THE MERCHANT MARINE.

Mr. GALLINGER submitted an amendment intended to be proposed by him to the bill (H. R. 15455) to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes, which was ordered to lie on the table and be

WITHDRAWAL OF PAPERS-OSCAR W. LOWERY.

#### On motion of Mr. Cummins it was

Ordered, That leave be granted to withdraw from the files of the Senate the papers in the case of S. 1181, a bill granting an increase of pension to Oscar W. Lowery, no adverse report having been made thereon.

#### CHARLESTON & NORFOLK STEAMSHIP CO.

Mr. SMITH of South Carolina. I offer a resolution which I send to the desk in reference to sundry petitions of certain corporations and individuals in the city of Charleston, S. C., looking to a rehearing of a rate proposition. I ask that the resolution be read and referred to the Committee on Interstate

The resolution (S. Res. 249) was read and referred to the Committee on Interstate Commerce, as follows:

Whereas the Charleston & Norfolk Steamship Co., a corporation duly empowered by charter from the State of South Carolina to acquire, by purchase or otherwise, steamships and operate the same as common carriers; and
Whereas said company petitioned the Interstate Commerce Commission to put into effect certain proportional rates from Cincinnati, Louisville, etc., to Norfolk and Newport News on traffic destined to Charleston, S. C., such proportional now being applied by aforesaid railway companies in connection with rail lines leading south into Carolina territory; and
Whereas the Interstate Commerce Commission, in an opinion dated June 30, 1916 (docket 8081), dismissed said petition on the ground that the petitioner was not a common carrier; and
Whereas the Interstate Commerce Commission, in Flour City Steamship Co. v. the L. V. R. R. Co. (1. C. C. Rept. No. 24, pp. 179-186), defined the status of a common carrier by water, such as proposed to operate under nondiscriminatory traffic arrangements, in specific terms; and
Whereas the position of the Charleston & Norfolk Steamship Co. is the same as that of the Flour City Steamship Co., in that said company can not afford to make enormous expenditures in equipment, pending a decision as to whether or not it is entitled to the nondiscriminatory traffic arrangements with the rail carriers leading into Norfolk; and

inatory traffic arrangements with the rail carriers leading into Norfolk; and

Whereas subsequent to the decision of the Interstate Commerce Commission in the Flour City Steamship Co. case, the act to regulate commerce has been further strengthened by the passage of the Panama Canal act, under date of August 24, 1912, which empowers the Interstate Commerce Commission to establish proportional rates over rail lines when property may be or is transported to or from port by rail carriers; and

Whereas this act confers additional powers upon the Interstate Commerce Commission to those if exercised when the Flour City case was decided; and

Whereas the Charleston & Norfolk Steamship Co. has been organized by the merchants of Charleston for the express purpose of bringing relief from an unduly discriminatory rate adjustment and for affording an economical means of transportation; and
Whereas the Interstate Commerce Commission, in its decision in the Flour City case, established the principle that the company was entitled to a decision on the merits of the case before the said company made large expenditures in equipment: Therefore be it

Resolved, That the Interstate Commerce Commission be requested to interest and inconjunction with

made large expenditures in equipment: Therefore be it Resolved, That the Interstate Commerce Commission be requested to initiate an investigation upon its own motion, and in conjunction with this proceeding, reopen the case of the Charleston & Norfolk Steamship Co. v. the Chesapeake & Ohio Ballway Co. et al. (docket S081), and give all parties an opportunity to submit any further testimony or arguments, and that an opinion be rendered by the Interstate Commerce Commission as to whether or not the proportional rates prayed for by the petitioner will or will not be granted, in advance of the actual purchase of the steamships.

#### EXEMPTIONS FROM CIVIL-SERVICE REQUIREMENTS.

Mr. PENROSE. I submit a Senate resolution, and, as it merely asks for information from one of the departments, perhaps there will be no objection to its present consideration. ask that the resolution be read.

The resolution (S. Res. 246) was read as follows:

Resolved, That the United States Civil Service Commission be, and it is hereby, requested to send to the Senate a list of the Executive orders issued since March 4, 1913, exempting appointees in the Federal service from civil-service requirements; or placing employees under the civil service previously appointed outside of any eligible list prescribed by the Civil Service Commission.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. POMERENE, J sak that the resolution lie over until to-

The VICE PRESIDENT. The resolution goes over under the

#### APPOINTMENTS IN THE STATE DEPARTMENT.

Mr. PENROSE. Then, Mr. President, I offer the resolution which I send to the desk and ask to have it read, considered, and passed, if there is no objection. The resolution merely asks for information.

The resolution (S. Res. 247) was read as follows:

Resolved, That the Secretary of State be, and he is hereby, requested to inform the Senate as follows:

First. The number of employees who have been appointed to positions in the State Department since July 1, 1913.

Second. What increase in the force of employees in the State Department has been made since July 1, 1913.

Third. The number of employees appointed since July 1, 1913, from eligible lists upon certification by the United States Civil Service Commission.

mission.

Fourth. The number of employees appointed temporarily without any civil-service examination or certification by the Civil Service Commission, and who subsequently were covered into the civil service under an Executive order dated May 18, 1916, being Executive order No. 2383.

The VICE PRESIDENT. Is there objection to the present

consideration of the resolution?

Mr. POMERENE. I ask that the resolution go over under the rule.

The VICE PRESIDENT. The resolution goes over under the rule:

#### COLLECTION OF DISCRIMINATING DUTIES.

Mr. JONES. I offer a Senate resolution which I send to the desk, and I ask unanimous consent for its immediate consideration.

The resolution (S. Res. 248) was read, as follows:

Resolved, That the Secretary of the Treasury be directed to furnish the information called for by Senate Resolution 133 of March 16, 1916, or report to the Senate promptly why such information can not be furnished.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. SMITH of Georgia. Yes, Mr. President, I object to the present consideration of the resolution and ask that it lie over.

The VICE PRESIDENT. The resolution will lie over under the rule and be printed. The morning business is closed.

## ADDRESS BY HON. JOHN A. MAGUIRE.

Mr. HITCHCOCK. I ask to have printed as a public document an address delivered by former Representative John A. Maguire on the practical workings of the Congress, which was very popular address.

Mr. SMOOT. Let the matter be referred to the Committee

on Printing.

Mr. HITCHCOCK. I have no particular objection to that. Mr. FLETCHER. Under the law the address should be referred to the Committee on Printing.

Mr. HITCHCOCK. It is a small matter, and the address is

very popular exposition of how Congress operates.

Mr. SMOOT. I object to its being printed as a public document without a reference to the Committee on Printing

Mr. FLETCHER. Under the law the resolution will have to go to the Committee on Printing.

The VICE PRESIDENT. Under the law the address will be referred to the Committee on Printing.

GOVERNMENT OF THE PHILIPPINES-CONFERENCE REPORT (S. DOC. NO. 530).

Mr. HITCHCOCK. Mr. President, I ask unanimous consent, on behalf of the conference committee on the Philippine bill, to withdraw the report filed by me a few days ago. I shall submit another report later in the day.

The VICE PRESIDENT. Is there objection? The Chair hears

none, and the conference report is withdrawn.

Mr. HITCHCOCK subsequently said: I submit the conference report on the bill S. 381, known as the Philippine government bill. The VICE PRESIDENT. The report will lie on the table and be printed.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 381) to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 2, 3, and 4, and agree to the same.

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed by the

House insert the following:
"That the provisions of this act and the name 'the Philippines' as used in this act shall apply to and include the Philippine Islands ceded to the United States Government by the treaty of peace concluded between the United States and Spain on the 11th day of April, 1899, the boundaries of which are set forth in Article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November, 1900.

"Sec. 2. That all inhabitants of the Philippine Islands when were Spanish subjects on the 11th day of April 1899, and then

were Spanish subjects on the 11th day of April, 1899, and then resided in said islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands, except such as shall have elected to preserve their allegiance to the Crown of Spain in accordance with the provisions of the treaty of peace between the United States and Spain, signed at Paris, December 10, 1898, and except such others as have since become citizens of some other country: Provided, That the Philippine Legislature, herein provided for, is hereby authorized to provide by law for the acquisition of Philippine citizenship by those natives of the Philippine Islands who do not come within the foregoing provisions, the natives of the insular possessions of the United States, and such other persons residing in the Philippine Islands who are citizens of the United States, or who could become citizens of the United States under the laws of the United States if residing therein.

"SEC. 3. That no law shall be enacted in said Llands which

shall deprive any person of life, liberty, or property without due process of law, or deny to any person therein the equal protection of the laws. Private property shall not be taken for public

use without just compensation.

"That in all criminal prosecutions the accused shall enjoy the right to be heard by himself and counsel, to demand the nature and cause of the accusation against him, to have a speedy and public trial, to meet the witnesses face to face, and to have compulsory process to compel the attendance of witnesses in his behalf.

"That no person shall be held to answer for a criminal offense without due process of law; and no person for the same offense shall be twice put in jeopardy of punishment, nor shall be compelled in any criminal case to be a witness against him-

self.
"That all persons shall before conviction be bailable by suf-

ficient sureties, except for capital offenses.

"That no law impairing the obligation of contracts shall be

That no person shall be imprisoned for debt.

"That the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion, insurrection, or invasion the public safety may require it, in either of which events the same may be suspended by the President, or by the Governor General, wherever during such period the necessity for such suspension shall exist.

"That no ex post facto law or bill of attainder shall be enacted nor shall the law of primogeniture ever be in force in the

That no law granting a title of nobility shall be enacted, and no person holding any office of profit or trust in said islands shall, without the consent of the Congress of the United States, accept any present, emolument, office, or title of any kind whatever from any king, queen, prince, or foreign State.

"That excessive bail shall not be required, nor excessive fines

imposed, nor cruel and unusual punishment inflicted.

That the right to be secure against unreasonable searches and seizures shall not be violated.

"That slavery shall not exist in said islands; nor shall involuntary servitude exist therein except as a punishment for crime whereof the party shall have been duly convicted.

"That no law shall be passed abridging the freedom of speech or of the press, or the right of the people peaceably to assemble

and petition the Government for redress of grievances.

"That no law shall be made respecting an establishment of religion or prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed; and no religious test shall be required for the exercise of civil or political rights. No public money or property shall ever be appropriated, applied, donated, or used, directly or indirectly, for the use, benefit, or support of any sect, church, denomination, sectarian institution, or system of religion, or for the use, benefit, or support of any priest, preacher, minister, or other religious teacher or dignitary as such. Contracting of polygamous or plural marriages hereafter is prohibited. That no law shall be construed to permit polygamous or plural marriages.

"That no money shall be paid out of the Treasury except in pursuance of an appropriation by law.

"That the rule of taxation in said islands shall be uniform.

"That no bill which may be enacted into law shall embrace more than one subject, and that subject shall be expressed in the title of the bill.

"That no warrant shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized.

"That all money collected on any tax levied or assessed for a special purpose shall be treated as a special fund in the treasury

and paid out for such purpose only.

"Sec. 4. That all expenses that may be incurred on account of the Government of the Philippines for salaries of officials and the conduct of their offices and departments, and all expenses and obligations contracted for the internal improvement or development of the islands, not, however, including defenses, barracks, and other works undertaken by the United States, shall, except as otherwise specifically provided by the Congress, be paid by the Government of the Philippines.

"Sec. 5. That the statutory laws of the United States hereafter enacted shall not apply to the Philippine Islands, except when they specifically so provide, or it is so provided in this act. "Sec. 6. That the laws now in force in the Philippines shall

continue in force and effect, except as altered, amended, or modified herein, until altered, amended, or repealed by the legislative authority herein provided or by act of Congress of the United States.

"Sec. 7. That the legislative authority herein provided shall have power, when not inconsistent with this act, by due enactment to amend, alter, modify, or repeal any law, civil or criminal, continued in force by this act as it may from time to time see fit.

"This power shall specifically extend with the limitation herein provided as to the tariff to all laws relating to revenue and taxation in effect in the Philippines.

"SEC. 8. That general legislative power, except as otherwise herein provided, is hereby granted to the Philippine Legislature,

authorized by this act.

"Sec. 9. That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain, signed December 10, 1898, except such land or other property as has been or shall be designated by the President of the United States for military and other reservations of the Government of the United States, and all lands which may have been subsequently acquired by the government of the Philippine Islands by purchase under the provisions of sections 63 and 64 of the act of Congress approved July 1, 1902, except such as may have heretofore been sold and disposed of in accordance with the provisions of said act of Congress, are hereby placed under the control of the government of said islands to be administered or disposed of for the benefit of the inhabitants thereof, and the Philippine Legislature shall have power to legislate with respect to all such matters as it may deem advisable; but acts of the Philippine Legislature with reference to land of the public domain, timber, and mining, hereafter enacted, shall not have the force of law until approved by the President of the United States: Provided, That upon the approval of such an act by the Governor General, it shall be by him forthwith transmitted to the President of the United States, and he shall approve or disapprove the same within six months from and after its enactment and submission for his approval, and if not disapproved within such time it shall become a law the same as if it had been specifically approved: Provided fur-ther, That where lands in the Philippine Islands have been or may be reserved for any public purpose of the United States, and, being no longer required for the purpose for which reserved, have been or may be, by order of the President, placed under the control of the government of said islands to be administered for the benefit of the inhabitants thereof, the ord of the President shall be regarded as effectual to give the gov-ernment of said islands full control and power to administer and dispose of such lands for the benefit of the inhabitants of said islands.

"SEC. 10. That while this act provides that the Philippine government shall have the authority to enact a tariff law the trade relations between the islands and the United States shall continue to be governed exclusively by laws of the Congress of the United States: Provided, That tariff acts or acts amendatory to the tariff of the Philippine Islands shall not become law until they shall receive the approval of the President of the United States, nor shall any act of the Philippine Legislature affecting immigration or the currency or coinage laws of the Philippines become a law until it has been approved by the President of the United States: Provided further, That the President shall approve or disapprove any act mentioned in the foregoing proviso within six months from and after its enactment and submission for his approval, and if not disapproved within such time it shall become a law the same as if it had been specifically approved.

SEC. 11. That no export duties shall be levied or collected on exports from the Philippine Islands, but taxes and assessments on property and license fees for franchises, and privileges, and internal taxes, direct or indirect, may be imposed for the purposes of the Philippine government and the provincial and mu-nicipal governments thereof, respectively, as may be provided and defined by acts of the Philippine Legislature, and, where necessary to anticipate taxes and revenues, bonds and other obligations may be issued by the Philippine government or any provincial or municipal government therein, as may be provided by law and to protect the public credit: *Provided*, *however*, That the entire indebtedness of the Philippine government created by the authority conferred herein shall not exceed at any one time the sum of \$15,000,000, exclusive of those obligations known as friar-land bonds, nor that of any Province or municipality a sum in excess of 7 per cent of the aggregate tax valua-

tion of its property at any one time.
"Sec. 12. That general legislative powers in the Philippines, except as herein otherwise provided, shall be vested in a legis-lature which shall consist of two houses, one the senate and the other the house of representatives, and the two houses shall be designated 'The Philippine Legislature': Provided, That until the Philippine Legislature as herein provided shall have been organized the existing Philippine Legislature shall have all legislative authority herein granted to the government of the Philippine Islands, except such as may now be within the exclusive jurisdiction of the Philippine Commission, which is so continued until the organization of the legislature herein provided for the Philippines. When the Philippine Legislature shall have been organized, the exclusive legislative jurisdiction and authority exercised by the Philippine Commission shall thereafter be exercised by the Philippine Legislature.

"Sec. 13. That the members of the senate of the Philippines,

except as herein provided, shall be elected for terms of six and three years, as hereinafter provided, by the qualified electors of the Philippines. Each of the senatorial districts defined as hereinafter provided shall have the right to elect two No person shall be an elective member of the senate of the Philippines who is not a qualified elector and over 30 years of age, and who is not able to read and write either the Spanish or English language, and who has not been a resident of the Philippines for at least two consecutive years and an actual resident of the senatorial district from which chosen for a period of at least one year immediately prior to his election.

"Sec. 14. That the members of the house of representatives shall, except as herein provided, be elected triennially by the qualified electors of the Philippines. Each of the representative districts hereinafter provided for shall have the right to elect one representative. No person shall be an elective member of the house of representatives who is not a qualified elector and over 25 years of age, and who is not able to read and write either the Spanish or English language, and who has not been an actual resident of the district from which elected for at least one year immediately prior to his election: Provided, That the members of the present assembly elected on the first Tuesday in June, 1916, shall be the members of the house of representatives from their respective districts for the term expiring

in 1919.
"Sec. 15. That at the first election held pursuant to this act, the qualified electors shall be those having the qualifications of voters under the present law; thereafter and until otherwise provided by the Philippine Legislature herein provided for the qualifications of voters for senators and representatives in the Philippines and all officers elected by the people shall be as

"Every male person who is not a citizen or subject of a foreign power 21 years of age or over—except insane and feeble-minded persons and those convicted in a court of competent jurisdiction of an infamous offense since the 13th day of August, 1898-who shall have been a resident of the Philippines for one year and of the municipality in which he shall offer to vote for six months next preceding the day of voting, and who is comprised within one of the following classes:

"(a) Those who under existing law are legal voters and have

exercised the right of suffrage.

(b) Those who own real property to the value of \$500, or who annually pay \$30 or more of the established taxes.

"(c) Those who are able to read and write either Spanish, English, or a native language.

"SEC. 16. That the Philippine Islands shall be divided into 12 senate districts, as follows:

'First district: Batanes, Cagayan, Isabela, Ilocos Norte, and

"Second district: La Union, Pangasinan, and Zambales.
"Third district: Tarlac, Nueva Ecija, Pampanga, and Bu-

"Fourth district: Bataan, Rizal, Manila, and Laguna. "Fifth district: Batangas, Mindoro, Tayabas, and Cavite. "Sixth district: Sorsogon, Albay, and Ambos Camarines.

"Seventh district: Hollo and Capiz.
"Eighth district: Negros Occidental, Negros Oriental, Antique, and Palawan.

"Ninth district: Leyte and Samar.
"Tenth district: Cebu.

"Eleventh district: Surigao, Misamis, and Bohol.
"Twelfth district: The Mountain Province, Baguio, Nueva Vizcaya, and the Department of Mindanao and Sulu.

"The representative districts shall be the 81 now provided by law, and 3 in the Mountain Province, 1 in Nueva Vizcaya, and 5 in the Department of Mindanao and Sulu.

"The first election under the provisions of this act shall be held on the first Tuesday of October, 1916, unless the Governor General in his discretion shall fix another date not earlier than 30 nor later than 60 days after the passage of this act: Provided, That the Governor General's proclamation shall be published at least 30 days prior to the date fixed for the election, and there shall be chosen at such election one senator from each senate district for a term of three years and one for six years. Thereafter one senator from each district shall be elected from each senate district for a term of six years: Provided, That the Governor General of the Philippine Islands shall appoint, without the consent of the senate and without restriction as to restdence, senators and representatives who will, in his opinion, best represent the senate district and those representative dis-tricts which may be included in the territory not now represented in the Philippine Assembly: Provided further, That thereafter elections shall be held only on such days and under such regulations as to ballots, voting, and qualifications of electors as may be prescribed by the Philippine Legislature, to which is hereby given authority to redistrict the Philippine Islands and modify, amend, or repeal any provision of this section, except such as refer to appointive senators and representatives.

"Sec. 17. That the terms of office of elective senators and rep

resentatives shall be six and three years, respectively, and shall begin on the date of their election. In case of vacancy among the elective members of the senate or in the house of representatives special elections may be held in the districts wherein such vacancy occurred under such regulations as may be prescribed by law, but senators or representatives elected in such cases shall hold office only for the unexpired portion of the term wherein the vacancy occurred. Senators and representatives appointed by the Governor General shall hold office until removed by the Governor General.

"SEC. 18. That the senate and house of representatives, respectively, shall be the sole judges of the elections, returns, and qualifications of their elective members, and each house may determine the rules of its proceedings, punish its members for disorderly behavior, and, with the concurrence of two-thirds, expel an elective member. Both houses shall convene at the capital on the 16th day of October next following the election and organize by the election of a speaker or a presiding officer, a clerk, and a sergeant at arms for each house, and such other officers and assistants as may be required. A majority of each house shall constitute a quorum to do business, but a smaller number may meet, adjourn from day to day, and compel the attendance of absent members. The legislature shall hold annual sessions, commencing on the 16th day of October, or, if the 16th day of October be a legal holiday, then on the 1st day following which is not a legal holiday, in each year. The legislature may be called in special session at any time by the Gov-ernor General for general legislation, or for action on such specific subjects as he may designate. No special session shall continue longer than 30 days, and no regular session shall continue longer than 100 days, exclusive of Sundays. The legislature is hereby given the power and authority to change the date of the commencement of its annual sessions.

"The senators and representatives shall receive an annual compensation for their services, to be ascertained by law, and paid out of the treasury of the Philippine Islands. The senators and representatives shall, in all cases except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the session of their respective houses and in going to and returning from the same; and for any speech or debate in either house they shall not be questioned in any other place.

"No senator or representative shall, during the time for which he may have been elected, be eligible to any office the election to which is vested in the legislature, nor shall be appointed to any office of trust or profit which shall have been created or the emoluments of which shall have been increased

during such term. Sec. 19. That each house of the legislature shall keep a journal of its proceedings and, from time to time, publish the same; and the yeas and nays of the members of either house, on any question, shall, upon demand of one-fifth of those present, be entered on the journal, and every bill and joint resolution which shall have passed both houses shall, before it becomes a law, be presented to the Governor General. If he approve the same, he shall sign it; but if not, he shall return it with his objections to that house in which it shall have originated, which shall enter the objections at large on its journal and proceed to reconsider it. If, after such reconsideration, two-thirds of the members elected to that house shall agree to pass the same, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of all the members elected to that house it shall be sent to the Governor General, who, in case he shall then not approve, shall transmit the same to the President of the United States. The vote of each house shall be by the of the United States. The vote of each house shall be by the yeas and nays, and the names of the members voting for and against shall be entered on the journal. If the President of the United States approve the same, he shall sign it and it shall become a law. If he shall not approve same, he shall return it to the Governor General, so stating, and it shall not become a law: Provided, That if any bill or joint resolution shall not be returned by the Governor General as herein provided within 20 days (Sundays excepted) after it shall have been presented to him the same shall become a law in like manner as if he had signed it, unless the legislature by adjournment prevent its return, in which case it shall become a law unless vetoed by the Governor General within 30 days after adjournment: Provided further, That the President of the United States shall approve or disapprove an act submitted to him under the provisions of this section within six months from and after its enactment and submission for his approval; and if not approved within such time, it shall become a law the same as if it had been spe-cifically approved. The Governor General shall have the power to veto any particular item or items of an appropriation bill, but the veto shall not affect the item or items to which he does not object. The item or items objected to shall not take effect except in the manner heretofore provided in this section as to bills and joint resolutions returned to the legislature without his

"All laws enacted by the Philippine Legislature shall be reported to the Congress of the United States, which hereby reserves the power and authority to annul the same. If at the termination of any fiscal year the appropriations necessary for the support of government for the ensuing fiscal year shall not have been made, the several sums appropriated in the last appropriation bills for the objects and purposes therein specified, so far as the same may be done, shall be deemed to be reappropriated for the several objects and purposes specified in said last appropriation bill; and until the legislature shall act in such behalf the treasurer shall, when so directed by the Governor General, make the payments necessary for the pur-

poses aforesaid.

"SEC. 20. That at the first meeting of the Philippine Legislature created by this act and triennially thereafter there shall be chosen by the legislature two Resident Commissioners to the United States, who shall hold their office for a term of three years beginning with the 4th day of March following their election, and who shall be entitled to an official recognition as such by all departments upon presentation to the President of a certificate of election by the Governor General of said islands. Each of said Resident Commissioners shall, in addition to the salary and the sum in lieu of mileage now allowed by law, be allowed the same sum for stationery and for the pay of necessary clerk hire as is now allowed to the Members of the House of Representatives of the United States, to be paid out of the Treasury of the United States, and the franking privilege allowed by law to Members of Congress. No person shall be eligible to election as Resident Commissioner who is not a bona fide elector of said islands and who does not owe allegiance to the United States and who is not more than 30 years of age and who does not read and write the English Ian-The present two Resident Commissioners shall hold guage. office until the 4th of March, 1917. In case of vacancy in the position of Resident Commissioner caused by resignation or otherwise, the Governor General may make temporary appointments until the next meeting of the Philippine Legislature, which shall then fill such vacancy; but the Resident Com-missioner thus elected shall hold office only for the unexpired portion of the term wherein the vacancy occurred.

"SEC. 21. That the supreme executive power shall be vested in an executive officer, whose official title shall be 'the Governor General of the Philippine Islands.' He shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and hold his office at the pleasure of the President and until his successor is chosen and qualified. The Governor General shall reside in the Philippine Islands during his official incumbency, and maintain his office at the seat of government. He shall, unless otherwise herein provided, appoint, by and with the consent of the Philippine Senate, such officers as may now be appointed by the Governor General, or such as he is authorized by this act to appoint, or whom he may hereafter be authorized by law to appoint; but appointments made while the senate is not in session shall be effective either until disapproval or until the next adjournment of the senate. He shall have general supervision and control of all of the departments and bureaus of the government in the Philippine Islands as far as is not inconsistent with the provisions of this act, and shall be commander in chief of all locally created armed forces and militia. He is hereby vested with the exclusive power to grant pardons and reprieves and remit fines and forfeitures, and may veto any legislation enacted as herein provided. He shall submit within 10 days of the opening of each regular session of the Philippine Legislature a budget of receipts and expenditures, which shall be the basis of the annual appropriation bill. He shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of the Philippine Islands and of the United States operative within the Philippine Islands, and whenever it becomes necessary he may call upon the commanders of the military and naval forces of the United States in the islands, or summon the posse comitatus, or call out the militia or other locally created armed forces, to prevent or suppress lawless violence, invasion, insurrection, or rebellion; and he may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, suspend the privileges of the writ of habeas corpus, or place the islands, or any part thereof, under martial law: *Provided*, That whenever the Governor General shall exercise this authority, he shall at once notify the President of the United States thereof, together with the attending facts and circumstances, and the President shall have power to modify or vacate the action of the Governor General. He shall annually and at such other times as he may be required make such official report of the transactions of the government of the Philippine Islands to an executive department of the United States to be designated by the President, and his said annual report shall be transmitted to the Congress of the United States; and he shall perform such additional duties and functions as may in pursuance of law be delegated or assigned to him by the

President.

"Sec. 22. That, except as provided otherwise in this act, the executive departments of the Philippine government shall continue as now authorized by law until otherwise provided by the Philippine Legislature. When the Philippine Legislature herein provided shall convene and organize, the Philippine Commission, as such, shall cease and determine, and the members thereof shall vacate their offices as members of said commission: Provided, That the heads of executive departments shall continue to exercise their executive functions until the heads of departments provided by the Philippine Legislature pursuant to the provisions of this act are appointed and qualified. The Philippine Legislature may thereafter by appropriate legislation increase the number or abolish any of the executive departments, or make such changes in the names and duties thereof as it may see fit, and shall provide for the appointment and removal of the heads of the executive departments by the Governor General: Provided, That all executive functions of the government must be directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General. There is hereby established a bureau, to be known as the bureau of non-Christian tribes, which said bureau shall be embraced in one of the executive departments to be designated by the Governor General, and shall have general supervision over the public affairs of the inhabitants of the territory represented in the legislature by appointive senators and representatives

"Sec. 23. That there shall be appointed by the President, by and with the advice and consent of the Senate of the United States, a vice governor of the Philippine Islands, who shall have all of the powers of the Governor General in the case of a vacancy or temporary removal, resignation, or disability of the Governor General, or in case of his temporary absence; and the said vice governor shall be the head of the executive department, known as the department of public instruction, which shall include the bureau of education and the bureau of health, and he

may be assigned such other executive duties as the Governor

General may designate.
"Other bureaus now included in the department of public instruction shall, until otherwise provided by the Philippine Legislature, be included in the department of the interior.

The President may designate the head of an executive department of the Philippine government to act as Governor General in the case of a vacancy, the temporary removal, resigna-tion, or disability of the Governor General and of the vice governor, or their temporary absence, and the head of the department thus designated shall exercise all the powers and perform all the duties of the Governor General during such va-

cancy, disability, or absence.
"Sec. 24. That there shall be appointed by the President an auditor, who shall examine, audit, and settle all accounts pertaining to the revenues and receipts from whatever source of the Philippine government and of the provincial and municipal the Philippine government and of the provincial and municipal governments of the Philippines, including trust funds and funds derived from bond issues; and audit, in accordance with law and administrative regulations, all expenditures of funds or property pertaining to or held in trust by the government or the Provinces or municipalities thereof. He shall perform a like duty with respect to all government branches.

He shall keep the general accounts of the government and

preserve the vouchers pertaining thereto.

It shall be the duty of the auditor to bring to the attention of the proper administrative officer expenditures of funds or property which, in his opinion, are irregular, unnecessary, excessive, or extravagant.

"There shall be a deputy auditor appointed in the same manner as the auditor. The deputy auditor shall sign such official papers as the auditor may designate and perform such other duties as the auditor may prescribe, and in case of the death, resignation, sickness, or other absence of the auditor from his office, from any cause, the deputy auditor shall have charge of such office. In case of the absence from duty, from any cause, of both the auditor and the deputy auditor, the Governor General may designate an assistant, who shall have charge of the

"The administrative jurisdiction of the auditor over accounts, whether of funds or property, and all vouchers and records per-taining thereto, shall be exclusive. With the approval of the Governor General he shall from time to time make and promulgate general or special rules and regulations not inconsistent with law covering the method of accounting for public funds and property, and funds and property held in trust by the government or any of its branches: Provided, That any officer accountable for public funds or property may require such additional reports or returns from his subordinates or others as he may deem necessary for his own information and protection,

The decisions of the auditor shall be final and conclusive upon the executive branches of the government, except that appeal therefrom may be taken by the party aggrieved or the head of the department concerned within one year, in the manner hereinafter prescribed. The auditor shall, except as hereinafter provided, have like authority as that conferred by law upon the several auditors of the United States and the Comptroller of the United States Treasury and is authorized to communicate directly with any person having claims before him for settlement, or with any department, officer, or person having official relations with his office

"As soon after the close of each fiscal year as the accounts of said year may be examined and adjusted the auditor shall submit to the Governor General and the Secretary of War an an-nual report of the fiscal concerns of the government, showing the receipts and disbursements of the various departments and bureaus of the government, and of the various Provinces and municipalities, and make such other reports as may be required of him by the Governor General or the Secretary of War.

In the execution of their duties the auditor and the deputy auditor are authorized to summon witnesses, administer oaths, and to take evidence, and, in the pursuance of these provisions, may issue subpœnas and enforce the attendance of witnesses, as now provided by law.

"The office of the auditor shall be under the general supervision of the Governor General and shall consist of the auditor and deputy auditor and such necessary assistants as may be pre-

Sec. 25. That any person aggrieved by the action or decision of the auditor in the settlement of his account or claim may, within one year, take an appeal in writing to the Governor General, which appeal shall specifically set forth the particular action of the auditor to which exception is taken, with the reason and authorities relied on for reversing such decision.

"If the Governor General shall confirm the action of the

auditor, and the action shall thereupon be final and conclusive. Should the Governor General fail to sustain the action of the auditor, he shall forthwith transmit his grounds of disapproval to the Secretary of War, together with the appeal and the papers necessary to a proper understanding of the matter. The decision of the Secretary of War in such case shall be final and conclusive.

"Sec. 26. That the supreme court and the courts of first instance of the Philippine Islands shall possess and exercise jurisdiction as heretofore provided and such additional jurisdiction as shall hereafter be prescribed by law. The municipal courts of said islands shall possess and exercise jurisdiction as now provided by law, subject in all matters to such alteration and amendment as may be hereafter enacted by law; and the chief justice and associate justices of the supreme court shall hereafter be appointed by the President, by and with the advice and consent of the Senate of the United States. The judges of the court of first instance shall be appointed by the Governor General, by and with the advice and consent of the Philippine Senate: Provided, That the admiralty jurisdiction of the supreme court and courts of first instance shall not be changed except by act of Congress. That in all cases pending under the operation of existing laws, both criminal and civil, the jurisdiction shall continue until final judgment and determination.

"SEC. 27. That the Supreme Court of the United States shall have jurisdiction to review, revise, reverse, modify, or affirm the final judgments and decrees of the Supreme Court of the Philippine Islands in all actions, cases, causes, and proceedings now pending therein or hereafter determined thereby in which the Constitution or any statute, treaty, title, right, or privilege of the United States is involved, or in causes in which the value in controversy exceeds \$25,000, or in which the title or possession of real estate exceeding in value the sum of \$25,000, to be ascertained by the oath of either party or of other competent witnesses, is involved or brought in question; and such final judgments or decrees may and can be reviewed, revised, reversed, modified, or affirmed by said Supreme Court of the United States on appeal or writ of error by the party aggrieved within the same time, in the same manner, under the same regulations, and by the same procedure, as far as applicable, as the final judgments and decrees of the district courts of the United States

"SEC. 28. That the government of the Philippine Islands may grant franchises and rights, including the authority to exercise the right of eminent domain, for the construction and operation of works of public utility and service, and may authorize said works to be constructed and maintained over and across the public property of the United States, including streets, highways, squares, and reservations, and over similar property of the government of said islands, and may adopt rules and regulations under which the provincial and municipal governments of the islands may grant the right to use and occupy such public property belonging to said Provinces or municipalities: Provided, That no private property shall be damaged or taken for any purpose under this section without just compensation, and that such authority to take and occupy land shall not authorize the taking, use, or occupation of any land except such as is required for the actual necessary purposes for which the franchise is granted, and that no franchise or right shall be granted to any individual, firm, or corporation except under the conditions that it shall be subject to amendment, alteration, or repeal by the Congress of the United States, and that lands or right of use and occupation of lands thus granted shall revert to the governments by which they were respectively granted upon the termination of the franchises and rights under which they were granted or upon their revocation or repeal. That all franchises or rights granted under this act shall forbid the issue of stock or bonds except in exchange for actual cash or for property at a fair valuation equal to the par value of the stock or bonds so issued; shall forbid the declaring of stock or bond dividends, and, in the case of public-service corporations, shall provide for the effective regulation of the charges thereof, for the official inspection and regulation of the books and accounts of such corporations, and for the payment of a reasonable percentage of gross earnings into the treasury of the Philippine Islands or of the Province or municipality within which such franchises are granted and exercised: Provided further, That it shall be unlawful for any corporation organized under this act, or for any person, company, or corporation receiving any grant, franchise, or concession from the government of said islands, to use, employ, or contract for the labor of persons held in involuntary servitude; and any person, company, or corporation so violating the provisions of this act shall forfeit all charters, grants, and authorities relied on for reversing such decision.

"If the Governor General shall confirm the action of the auditor, he shall so indorse the appeal and transmit it to the jurisdiction by any officer of the Philippine government, or on the complaint of any citizen of the Philippines, under such regulations and rules as the Philippine Legislature shall prescribe, and in addition shall be deemed guilty of an offense, and shall be punished by a fine of not more than \$10,000.

SEC. 29. That, except as in this act otherwise provided, the salaries of all the officials of the Philippines not appointed by the President, including deputies, assistants, and other employees, shall be such and be so paid out of the revenues of the Philippines as shall from time to time be determined by the Philippines as shall from time to time be determined by the Philippine Legislature; and, if the legislature shall fail to make an appropriation for such salaries, the salaries so fixed shall be paid without the necessity of further appropriations therefor. The salaries of all officers and all expenses of the offices of the various officials of the Philippines appointed as herein provided by the President shall also be paid out of the property of the Philippines. The appropriates of the follows. revenues of the Philippines. The annual salaries of the following-named officials appointed by the President and so to be paid ing-named officials appointed by the President and so to be paid shall be: The Governor General, \$18,000; in addition thereto he shall be entitled to the occupancy of the buildings heretofore used by the chief executive of the Philippines, with the furni-ture and effects therein, free of rental; vice governor, \$10,000; chief justice of the supreme court, \$8,000; associate justices of the supreme court, \$7,500 each; auditor, \$6,000; deputy auditor,

\$3,000.

"Sec. 30. That the provisions of the foregoing section shall not apply to provincial and municipal officials; their salaries and the compensation of their deputies, assistants, and other help, as well as all other expenses incurred by the Provinces and municipalities, shall be paid out of the provincial and municipal revenues in such manner as the Philippine Legislature shall provide.

provide.

"Sec. 31. That all laws or parts of laws applicable to the Philippines not in conflict with any of the provisions of this act are hereby continued in force and effect."

GILBERT M. HITCHCOCK, John F. Shafroth, Managers on the part of the Senate.

W. A. JONES, JOE J. RUSSELL, Managers on the part of the House.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Military Affairs:

H. R. 1093. An act for the relief of James Anderson:

H. R. 1867. An act for the relief of John Berrin; H. R. 3223. An act for the relief of John W. Baggott;

H. R. 4360. An act for the relief of George W. Laland; H. R. 5221. An act for the relief of Thomas E. Philips;

H. R. 5318. An act for the relief of Frederick Chateau;

H. R. 5385. An act for the relief of William A. Steward;

H. R. 5386. An act for the relief of James Campbell; H. R. 5689. An act for the relief of Thomas J. Temple;

H. R. 6145. An act for the relief of Edward F. McDermott, alias James Williams;

H. R. 7045. An act for the relief of Caleb T. Holland;

H. R. 7763. An act for the relief of Stephen J. Simpson;

H. R. 8411. An act for the relief of James R. McGuire; H. R. 8945. An act for the relief of John P. Chesley;

H. R. 8970. An act for the relief of James H. C. Mann;

H. R. 10697. An act for the relief of S. Spencer Carr;

H. R. 14245. An act for the relief of Edward Looby; H. R. 14927. An act for the relief of William H. Boyer;

H. R. 15718. An act for the relief of Thomas Baker;

H. R. 16590. An act for the relief of George Le Clear;

H. R. 16719. An act for the relief of John P. Sutton; and H. R. 16974. An act for the relief of John L. Kelley.

The following bills were severally read twice by their titles and referred to the Committee on Post Offices and Post Roads:

H. R. 1571. An act for the relief of Albert T. Huso;

H. R. 2544. An act for the relief of Thomas P. Darr; H. R. 12135. An act to reimburse D. H. Carpenter, postmaster at Seddon, Ala., for money and stamps stolen from said post office at Seddon, Ala., and repaid by him to the Post Office

H. R. 13788. An act for the relief of Joseph A. Prat: H. R. 14826. An act for the relief of F. M. Barfield; and

H. R. 16519. An act for the relief of Joseph F. Mitchell. The following bills were severally read twice by their titles and referred to the Committee on Claims:

H. R. 1358. An act for the relief of Everett H. Corson;

H. R. 3296. An act for the relief of Gertrude Becherer;

H. R. 1568. An act for the relief of N. Ferro; H. R. 1963. An act for the relief of John E. Keys; H. R. 3238. An act for the relief of Sarah E. Elliott;

H. R. 9968. An act for the relief of the legal representatives of W. H. Mills, deceased;
H. R. 10007. An act for the relief of William H. Woods;

H. R. 10173. An act for the relief of Anna C. Parrett; H. R. 11685. An act for the relief of Ivy L. Merrill;

H. R. 11745. An act for the relief of S. E. Bennett;

H. R. 12145. An act for the relief of Joseph Manning;

H. R. 12240. An act for the relief of John Brodie; H. R. 13106. An act for the relief of the trustee and parties who are now or who may hereafter become interested in the estate of James A. Chamberlain under the terms of his will;

H. R. 13820. An act for the relief of Mrs. Jennie Buttner H. R. 14571. An act for the relief of the Milwaukee Bridge

H. R. 14572. An act for the relief of Gertie Foss;

H. R. 14784. An act for the relief of Alma Provost; H. R. 14978. An act for the relief of Ida Turner; and

H. R. 15109. An act for the relief of Catherine A. Fox.

The following bills were each read twice by their titles and referred to the Committee on Public Lands:

H. R. 8844. An act for the relief of H. B. Rogers; and H. R. 11860. An act for the relief of Halvor Nilsen.

H. R. 11288. An act for the relief of S. S. Yoder was read twice by its title and referred to the Committee on the District of Columbia.

#### THE MERCHANT MARINE.

Mr. FLETCHER. I move that the Senate proceed to the consideration of House bill 15455, being the shipping bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 15455) to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes,

[Mr. Weeks resumed and concluded the speech begun by him on Saturday last. The entire speech is as follows:]

## Saturday, August 12, 1916.

Mr. WEEKS. Mr. President, yesterday the junior Senator from Ohio [Mr. Harding], in that fluent diction which is characteristic of him, in describing the desires of the newspaper man, said that what he wanted was novelty. If that is a correct description—and I assume it is—of what the press require in order to attract public attention, they certainly would find material enough for that purpose in the legislation that is now pending before the Senate. It really should be entitled "A bill to save the face of the administration."

I am one of those who believe that it is a somewhat better bill than the one which did not receive favorable consideration by the Senate in the second session of the Sixty-third Congress. It has one or two features which in some form would be operative and beneficial, but in its present form it is pretty difficult to see how it can be beneficial to anyone. I ought not to say that, because while the bill has been universally condemned by every trade organization in the United States and by everyone, I think, who has any particular knowledge of the subject which is under consideration, yet in two or three instances individuals have been found who were willing to indorse the general proposition, and by so doing they have really received some direct benefit.

Within the last two or three weeks we have confirmed the board appointed to administer the rural-credits bill. Two members of that board are Mr. Herbert Quick and Mr. George W. Norris. Of all the literature that I have been able to collect I have found but three instances where individuals of standing and prominence have been willing to subscribe to this kind of legislation, and two of these three instances are represented by Mr. Quick and Mr. Norris. Mr. Quick's article, published in the Saturday Evening Post of February 5, 1916, is really not an indorsement of the legislation. It is entitled, "Shall We Give Up the Ship? How the Administration Proposes to Build Up a Merchant Marine," and it does say a few kind words about the general proposition. The result is a \$10,000 place for Mr. Quick.

Mr. Norris indorses the proposition with a little more emphasis. I have a personal acquaintance with Mr. Norris, and I believe that he will make a good commissioner; but he, too, has received his reward—a \$10,000 place—for an address which he delivered in Philadelphia when the bill which preceded this

one, on the same subject, was under consideration.

With the exception of one other individual, who shall be nameless, I do not know any prominent man in this country who has either written an article or delivered an address in favor of this kind of legislation. Of course it will benefit five other individuals, and those will be the five commissioners who will be appointed to the positions provided for in the bill, who will also receive salaries of \$10,000 a year; but I think it has been or can be demonstrated that it will not benefit anyone else.

The character of this legislation to me is extremely obnoxious. It is the kind which the administration seems to be willing to stand for. The President, in his address to Congress on December 8, 1914, used this expression in referring to economical administration:

But my point is that the people of the United States do not wish to curtail the activities of this Government. They wish rather to enlarge

In that statement, Mr. President, is found the basis of much of the legislation advocated by this administration and acted on by this Congress. It covers not only this ship legislation but the armor-making proposition, the projectile-making plant, the construction of the Alaska railroad, and numerous other instances where the Government is more or less gradually being involved in active business operations, sometimes not in competition with our own citizens, but too frequently in competition with them. In this particular case we are not only going to put the Government or the Government's money into active competition with that of our own citizens, but we are going to put it in charge and under the control of a board which shall not only administer this fund but shall also have control, and almost complete control, over those activities which are in competition with the Government in this particular operation.

I can not remember any instance of any kind anywhere in which such a course has been taken. I never have been able to understand, Mr. President, why the Government should not follow the course which is followed by individuals and by organizations of individuals in developing its affairs, and especially its business affairs. No business man, no organization of business men, would ever consider undertaking a new proposition on a large scale, especially if it had not been tried by some one else and found to work successfully, or reasonably so. If that had not been done, they would try it out, experiment a little here and there, and finally develop a basis on which a general project could be undertaken. But this Government seems determined to undertake unusual things without any competent authority having given them approval.

Why should we not follow the course of European countries in the construction of armor for our ships, for instance? Why do we not follow their course in the manufacture of projec-Why do we not follow their course in the attempt to build up an American merchant marine, applying what they have done to the conditions which we find in this country? That would be the sensible course to follow.

I wish to say that I am and always have been intensely interested in this question, having had some personal seafaring experience and being interested in the kind of life which goes with a merchant marine, and I am in part representing a State which at one time had large investments and a large portion of its people directly interested in the foreign trade. extent that is true now; but it is the wish of the people of my State to try to have developed in this country a merchant marine which will not only be sufficient for our carrying trade, or that part of the carrying trade which will conform very largely with what is being done by other first-class maritime nations for themselves, but at the same time will be an auxiliary for the Navy. For all of these reasons I hope to be able to support legislation of this character, and shall do so when there is any prospect of its success, which I can not believe exists in this case. Incidentally, lest I forget it, I want to suggest that that appeal which appears in the title of the bill and in the bill itself, that it is an attempt to construct auxiliaries for our Navy, does not seem to me to be justified.

Something like two and a half years ago I introduced a bill providing for a steamship line through the Panama Canal to the west coast of South America, the vessels to be used for this purpose to be Army or naval auxiliary vessels. I had puropses, at least, in introducing that proposition. was that it did not seem to me that the Government should spend nearly \$400,000,000 in the construction of the Canal and not have some means ready as soon as the canal was opened to make a beneficial use of it; and there was no private organization prepared to take advantage of the trade through the canal to the west coast of South America.

Again, I believed then and I believe now that if the Army and Navy had sufficient auxiliaries for all their war purposes, in time of peace many of those vessels would not be usefully or necessarily in use with either the Army or Navy, and they would be laid up or might be employed, and it did seem to me then, and does now, that it would be wise to have them employed in commercial pursuits instead of being tied up at their docks and gradually going to pieces.

Furthermore, I knew, Mr. President, that neither the Army nor the Navy had auxiliaries that were at all efficient; I knew

that we were exceedingly limited in our supply, and that there should be some kind of public sentiment developed which would bring about appropriations by Congress for an increase in the number of auxiliaries. It seemed to me that the way to bring about such development was to demonstrate by actually put-ting such carriers as we had in this service with South America, showing how ill equipped and prepared they were for per-forming either the service as auxiliaries for the navy or as

cargo-carrying ships.

I have suggested that no other country of the world has ever undertaken any such legislation as this. It is sometimes con-tended that Germany and Japan and England have been interested directly in the merchant marine of those countries. I think this statement is not justified in any respect. Germany, through its ownership of railroads and through its control over industrial affairs, does make rates in such a manner that some particular object like a railroad or a steamship line or a port or a dock even may be directly benefited, but that does not mean that the German Government has any money invested in merchant ships. It never has had, and has not to-day.

As far as I know the only money that the English Government has invested in merchant ships is a loan made to the Cunard Co. for the building of the *Lusitania* and the *Mauretania*. Those ships were constructed very largely with money provided by the English Government, at a low rate of interest, of course with the understanding that they were subject to call in case of

necessity.

The same general statement is true of Japan. While the relations between the Government and the merchant service of Japan are exceedingly close, there is not any instance in which the Japanese Government has had a direct investment in

merchant ships.

I have suggested that practically every commercial body in the United States which has given any consideration to this subject has reported against it, either unanimously or practically so. Almost everyone is familiar with the action taken by the Chamber of Commerce of the United States. It was one of the most effective referendums on any subject which has been taken in this country, and the returns show that from 90 to 95 per cent of the bodies represented in this Chamber were opposed to this legislation.

Mr. FLETCHER. Mr. President—
The PRESIDING OFFICER (Mr. HARDWICK in the chair). Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WEEKS. I yield.

Mr. FLETCHER. I suggest to the Senator that the action of the Chamber of Commerce of the United States was taken with reference to the bill first introduced in the House. There has been no referendum on the bill as it now appears before the Senate. I think the Senator will agree that that body did not pass upon the bill as it is now submitted, and I do not know

of any other commercial organization that has passed on it.

Mr. WEEKS. I presume the Senator means that the bill which it acted on is the bill that came over from the House, which has been amended by the Senate Committee on Com-If that is the case, I want to say to the Senator that in my judgment the Senate committee bill is infinitely more dangerous in some respects than the House bill. The provision in section 9 putting these ships into the coastwise service is obnoxious to every interest, commercial, industrial, or political as far as this side of the Chamber is concerned. There is not an excuse for that, in my opinion, and even if there had been improvements made in other features of the bill, I am confident the action taken by any commercial body would condemn that particular phase of the Senate committee bill.

Mr. FLETCHER. I will call the attention of the Senator further to the communication of Mr. Fahey, the former president of the Chamber of Commerce of the United States, indorsing

this bill and approving its passage.

Mr. WEEKS. That is purely an individual opinion evidently, because the Chamber of Commerce itself and its marine committee made a very strong report against it. I will not take the space in the Record to insert the report, because I think it has

been sent to all Senators, and the public is generally familiar with it, but the chairman of that committee in making his report did not mince his words. Let me quote one or two things that he said:

The proposed appropriation, therefore, of \$50,000,000 to be obtained by the sale of Panama Canal bonds will make impossible the securing of hundreds of millions of the people's money which might be devoted to the upbuilding of a merchant marine if a fair chance were given.

We believe that, no matter what may be the sentiments of the reader regarding the points involved, the method of present-ing these points will be applauded. There is, for instance, no beating about the bush here.

The people are not afraid of the words "subvention" and "subsidy." The expenditure of a few million dollars a year would have enabled us to meet at least some of the difficulties we have encountered with shipping in the past 18 months. The President, after his tour, during which he heard the voice of the people, wants the greatest navy ever seen.

Says the committee's spokesman; and he adds:

I hope he will make another tour. After he comes back he will realize the people want the greatest merchant marine.

The New York Produce Exchange is another and the only other commercial body which I will quote in this connection. The Produce Exchange in its membership includes a larger percentage of concerns actively engaged in the shipping business than any other organization in the United States. exchange had a meeting June 5, 1916, at a time when the provisions of the Senate committee bill were pretty well known, and made a report which is acquiesced in by 432 out of 440 members; and the other 8 members assented in general terms, but dissented from one or two provisions of the report. It can not be possible that a more complete condemnation of the bill could be found than this one of the Produce Exchange, coming, as it does, from men who are perfectly competent to pass on this question.

I will ask to put this report of the Produce Exchange in the

Record in connection with my remarks.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The report referred to is as follows:

NEW YORK PRODUCE EXCHANGE, New York, August 2, 1916.

To the Members of the Senate and House of Representatives:

The New York Produce Exchange probably includes in its membership a larger percentage of concerns actively engaged in the shipping and in the export and import business than is found in any other commercial organization of the United States. It is natural then that its members should be very deeply interested in all legislation having for its purpose the building up of the American merchant marine. In order to obtain and give expression to the opinion of the members on this important subject, the board of managers of the exchange, in November last, appointed a committee of seven members "to study matters connected with American shipping and report back to the board a plan the adoption of which would, in its judgment, result in the development of an adequate American merchant marine."

Pursuant to these instructions, and after some months of study and discussion, the following report was prepared by the special committee and submitted to the board of managers on June 5, 1916:

New York, June 5, 1916.

NEW YORK, June 5, 1916.

To the BOARD OF MANAGERS OF THE NEW YORK PRODUCE EXCHANGE.

To the Board of Managers of the New York Produce Exchange.

Gentlemen: Your special committee on American merchant marine beg to report \* \* \* the following resolutions as their conclusions in the matter. \* \* \*

First. In order to provide for a constructive national policy that shall be consistent and progressive in the upbuilding of the American merchant marine, and to give greater efficiency to the administration of the laws of the United States relating to shipping, a permanent Federal shipping board, to be composed of five members, none of whom shall hold any other Government position, should be appointed by the President, with the approval of the Senate.

The shipping board should have general supervision of the American merchant marine, and should take over the duties now performed by the Steamboat-Inspection Service and the Bureau of Navigation, and should have full charge of the administration and enforcement of the navigation laws of the United States.

The shipping board should have authority to investigate the navigation laws of this and other countries and all conditions affecting American shipping, and should as promptly as possible and from time to time recommend to Congress such changes in the navigation laws of the United States as will place ships of American registry on a competing basis with ships under foreign flags.

Second. We favor a thorough revision of our navigation laws, having as its purpose the repeal of all laws imposing unnecessary restrictions on the construction and operation of American ships in the over-seas trade, and the adoption of such laws as will permit the development of a merchant marine.

Third. Government ownership and operation of vessels, direct or indirect, for commercial purposes, is not consistent with a sound American shipping policy. The restoration of the American merchant marine to the over-seas trade can be best accomplished through private initiative, ownership, and operation. The greatest possible freedom of action should be given private enterprise for th

Fifth. We favor measures that will build up a naval reserve of officers and men, under such regulations as may be prescribed by the Secretary of the Navy and approved by the shipping board, and providing appropriate retainers to such officers and men of American citizenship who serve on American vessels and who shall volunteer for this service. Sixth. We favor measures to establish direct and regular communication under the American flag with important trade ports in foreign lands, and approve mail subventions if necessary for that purpose.

Respectfully submitted.

E. R. CARHART,
Chairman.
W. H. DOUGLAS,
R. A. CLAYBROOK,
D. H. E. JONES,
WELDING RING,
JOHN P. TRUESDELL,
JAS. WARD WARNER,
LATIN ASPECIEM.

Special Committee on American Merchant Marine.

This report having been approved by the board of managers without a dissenting voice, was then submitted to the members of the exchange, with the result that of the 440 members voting, 432 gave their full approval and 8 members dissented from one or more provisions of the report.

The board of managers respectfully submits to the Members of Congress the report of the special committee as containing, in the judgment of this exchange, the principles that should prevail in all legislation having for its purpose the encouragement and building up of the American merchant marine.

Respectfully,

WILLIAM H. KEMP. President

WILLIAM H. KEMP, President.

Mr. WEEKS. Mr. President, this bill proposes to regulate ships which are common carriers, stating that it covers all vessels engaged in foreign trade running on regular routes, and in another paragraph that the term "common carrier by water" means a common carrier by water in foreign commerce or a common carrier by water in interstate commerce on the high seas and the Great Lakes. Presuming that "common carrier" covers the usual acceptance of the term, that it furnishes a means of transportation at reasonable rates to all those who desire to use it for freight or passenger service, it is difficult to understand what the limitation would be as far as water transportation is concerned.

Ships engaged in foreign commerce are, generally speaking, divided into two classes: What are termed "liners," which have a fixed point of departure at both ends of a route and carry passengers and freight over such routes; and "tramps," the movements of which are most irregular, dependent entirely on the business offering and frequently going from one

port to another in ballast looking for a cargo.

The ships of the liner class usually have a comparatively fixed schedule of rates, varying, of course, with general conditions, but not changing greatly from time to time. Vessels of the tramp class have no schedule of rates, a rate depending on the volume of freight offering. If freight exceeds in volume at any particular time the amount of shipping in a port, the rate which may be charged greatly exceeds the rates which could be obtained if the tonnage exceeded the demands of that particular port; otherwise, a loss of time and effort would be required for some part of such shipping to get to another port where freight was offered. The classes of freight carried by the two kinds of shipping vary, those of a higher grade requiring a quick passage usually going by liners, where there are ocean lines, and freight of the coarser and lower grade going by tramp steamers.

While these two general classes of vessels exist they are not a fixed quantity, because ships may be transferred without notice from one class to the other, undertaking the service which for the time being is most profitable. Of course, this does not directly apply to a few of the great passenger ships, but we frequently see that vessels are transferred from one locality to another and undertake an entirely different class of service.

It is difficult for me to understand whether or not the "common carrier" treated in the bill applies to both classes. If it applies to the one class which compares to some degree with a common carrier on land, the comparison is not without force; yet, the number of vessels employed in that service, as I have suggested, is a very uncertain quantity. If the term "common carrier" does not apply to the tramp steamer, then the regulation which is proposed in this bill concerning common carriers by water affects but a lesser part of the shipping engaged in foreign transportation.

In what kind of position is the shipping board to be placed if it must treat both classes as common carriers? The one is immobile to a degree, the other has unlimited mobility. But if the term "common carrier" applies to liners only, any action on the part of a board inimical to the earnings of such liner would necessarily and immediately drive it into another class of business not affected by the action of the shipping board business not affected by the action of the shipping board.

In this bill common carriers by water are forbidden to pay rebates or to retaliate in any way against shippers, such as by refusing accommodations, and so forth. They are forbidden

to make unfair discriminations against one class of shippers in favor of another. They are forbidden to discriminate in favor of localities, persons, or traffic, or to carry at less than a regular rate by issuing false bills or classifications. Also they are forbidden to make rates prejudicial to American exporters and, moreover, if any agreement or arrangement is undertaken relating to rates, it must be submitted to the board and not changed without the approval of the board,

Mr. FLETCHER. Mr. President Mr. WEEKS. I yield to the Senator.

Mr. FLETCHER. Will the Senator permit me to make a suggestion at that point? Perhaps I should have raised the question the other day when the Senator from Minnesota [Mr. Nelson] was discussing the bill and made that part of it a very considerable ground of criticism, because he held that the tramps ought not to be subject to the regulatory features set forth in sections 18 and 19 of the bill. At the time I was under the impression that tramps were not included under the terms "common carriers," but I did not interrupt the Senator from Minnesota, and now that the Senator from Massachusetts refers to it again, I think it well to say that the opinion of, I think, all the committee, certainly my opinion, anyhow, is that the tramps are not included under the provisions of sections 18 and 19: that tramps are not common carriers within the meaning and definition set forth in the bill.

If the Senator will refer to the report of the hearings before the Committee on Merchant Marine and Fisheries, at page 194, he will find a discussion of that proposition, wherein it is contended, and with very sound logic and the citation of authorities, that the legal status of a tramp vessel is not that of a common carrier. When the bill undertakes to define the term "common carrier" by water in foreign commerce it says that it means a common carrier engaged in transportation by water. Therefore a tramp is not a common carrier; that is not its legal status; and it is not affected by the provisions of sections 18 and 19 of the bill. I think that is a sound position. I do not believe tramp vessels would be affected by the provision.

Mr. WEEKS. I do not intend to attempt to pass on what the legal construction of a common carrier by water would be, whether it would include tramps or not. It would be absolutely ineffective, of course, to attempt to put under the control of any board making rates the operations of a tramp steamer, because they change as often almost as the rising and the setting of the sun and depend entirely, as I have suggested, on the volume of trade that may be offered at any particular point at any par-

If the tramp is not a common carrier and tramps do not come under the control of this board, then the minute the board attempts to take any action relating to a regular liner included as a common carrier which will militate against the earning power of such a ship, it would undoubtedly immediately change its operations and become one of the tramp class.

Therefore I say that the general course of procedure which is followed in connection with railroads can not be applied with any degree of certainty to ocean traffic. When we get beyond the 3-mile limit we are in competition with the rest of the world.

This is one of the particular criticisms I have of the bill, Mr. President, that we are attempting to do at sea substantially what we have done on shore in the case of transportation companies.

I am one of those who believe that very much that has been done by the Interstate Commerce Commission has been wise and beneficial. I doubt if there are many who would repeal the law providing for that commission. Yet the very fact that we have put such power in the hands of the Interstate Commerce Commission has had the effect of putting our transportation com-panies in a strait-jacket, because they can not obtain additional rates except after great public pressure, and as the cost of operation is constantly increasing, the result is, as I pointed out two or three days ago, the net returns obtained by our transportation companies are getting less and less, so that even now they have reached a point where capital does not readily go into the development of railroads. Now, we are proposing to take the same course in cases where we are in direct competition with all foreign nations; that is, we are going to attempt to put under similar restrictions our ocean-carrying trade. What these interests need is a free hand. What our individual investors need is a fair opportunity with the rest of the world to do this service, not to be put in a strait-jacket under conditions which do not obtain in any other country and under which, in my judgment, they can not compete with the shipping of any other country

Mr. FLETCHER. Mr. President-The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WEEKS. I do.

Mr. FLETCHER. Allow me to suggest that there I think the Senator is in error. I think he proceeds upon a wrong premise, because I do not find in the bill any such power in this board as can be compared to the power and authority of the Interstate Commerce Commission over railroads. I think that the operation here is limited, as provided in section 18, to preventing any charge or rate "which is unjustly discriminatory between shippers or ports, or unjustly prejudicial to exporters of the United States as compared with their foreign competitors." That is the end of it as far as foreign commerce is concerned. There is no provision authorizing the board to fix freight rates on foreign shipping. The whole power is to prevent unjust discrimination against American shippers in favor of foreign competitors, and that does not involve the fixing of rates at all.

As applied to interstate shipments, to coastwise business, under section 19 the authority is more extended. There the board would have the power to fix the maximum rate, but that does not apply to ships engaged in foreign commerce, it only applies to the coastwise trade, and the maximum rate. There is no provision in the bill against a carrier changing the rate; he may file a schedule with the board, provided he does not increase the rate upon the maximum.

There again a misapprehension apparently has been lodged in the minds of some. Some criticize that provision because they say when the carrier shall file a schedule with the board and it is open to public inspection as to the form and manner of freight and fares, and so forth, they can not change it; but such a provision is not there at all. It says that "no carrier shall demand, charge, or collect a greater compensation for such transportation than the rates, fares, and charges." He can charge less; he can change his rates from day to day and from hour to hour, provided he does not charge more than the rate that has been fixed as the maximum rate, and that call and that has been fixed as the maximum rate; and that only applies to coastwise business, not to foreign business. It simply undertakes to say that the rate shall not be unjustly discriminating between shippers or ports or unjustly prejudicial to exporters of the United States as compared with their foreign competitors. No power is given at all to fix rates and require

the filing of schedules, and so forth.

Mr. HARDING. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. WEEKS. I yield to the Senator. Mr. HARDING. While the Senator from Florida is on his feet I should like to have him explain the provisions of sec-

Mr. FLETCHER. That refers likewise to carriers of inter-state commerce. It has nothing to do with carriers of foreign commerce. That simply refers to interstate commerce, and I do not see that it applies at all to the objection raised by the Senator from Massachusetts that this board is given much power with reference to our foreign carriers.

Mr. WORKS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from California?

Mr. WEEKS. I do.

Mr. WORKS. If I rightly understand this discussion, the right of regulation in the bill is confined to common carriers. Mr. WEEKS. That is a matter that has not been settled. My own judgment would be that it is confined to common carriers.

Mr. WORKS. Then I understand the Senator from Florida to contend that it does not refer to tramp steamers, that they are entirely out of the regulations provided for in the bill.

Mr. WEEKS. That is the contention that I recently made. Mr. WORKS. What is the contention of the Senator from Massachusetts respecting that feature of it? It seems to me, after reading the bill with as much care as a layman can give to it, that tramp steamers do not come properly under the head of common carriers, and therefore could not be within the provision of the act. The Senator is familiar with the subject and I am not. Can the Senator inform me to what extent tramp steamers participate in the coastwise trade?

Mr. WEEKS. Unless they comply with all the requirements of American registry, of course, they can not engage in the coastwise trade at all. A very large percentage of the carrying trade along our coast is done by vessels that come within the definition of tramp steamers—that is to say, the regular lines are not considerable in tonnage compared with all vessels engaged in this service. I have not before me the exact figures.

Mr. GALLINGER. The regular lines, if the Senator will

permit me, are now one-seventh of the entire coastwise tonnage.

Mr. WEEKS. That is my recollection.

Mr. WORKS. Assuming that they have complied with the registry law, the question in my mind is whether they would be subject to the provisions of the bill we are now considering.

Mr. WEEKS. I have strong doubt about that. There are about 30 such lines operating along our coast that would come under the provisions of the bill.

Mr. GALLINGER. When I said one-seventh I meant in tonnage, but there is much less than that in the number of ships.

Mr. WEEKS. When I say that this board will put the shipping interests in a strait-jacket I do not mean that the powers of the board would be equivalent to those of the Interstate Commerce Commission, but I want to point out by reading section 18 of the bill what I do mean, that the investor who is thinking of putting his money into this somewhat hazardous undertaking is likely to hesitate when he sees how the operation may result owing to the possible interference of the shipping board acting under the provisions of section 18. And, mind you, ships in this class are going to be in competition with the ships of the world and a free hand is given the ships of every other nation.

Sec. 18. That no common carrier by water in foreign commerce shall demand, charge, or collect any rate, fare, or charge which is unjustly discriminatory between shippers or ports, or unjustly prejudicial to exporters of the United States as compared with their foreign com-

Well, if we had an all-wise board to pass on such questions, that provision might not do any harm, but I can say to Senators that I know men hesitate about making investments under such conditions, for the foolish action of the board may bring such results as to render their investments unprofitable. now continue to read from section 18:

Whenever the board finds that any such rate, fare, or charge is de-landed, charged, or collected it may alter the same to the extent manded, charged, or collected it may alter the same to the extent necessary to correct such unjust discrimination or prejudice—

In other words, the board may change the rate charged by ships engaged in the foreign trade-

and make an order that the carrier shall discontinue demanding, charging, or collecting any such unjustly discriminatory or prejudicial rate, fare, or charge.

Every such carrier and every other person subject to this act shall establish, observe, and enforce just and reasonable regulations and practices relating to or connected with the receiving, handling, storing, or delivering of property. Whenever the board finds that any such regulation or practice is unjust or unreasonable, it may determine, prescribe, and order enforced a just and reasonable regulation or practice.

If that does not put powers in the hands of the board which may embarrass, and seriously embarrass, the operations of our shipping, in competition with foreign vessels, I can not undershipping, in competition with foreign vessels, I can not understand the English language. It may not do so, but, in my judgment, it will embarrass such operations. In this bill, under this form of legislation, what we are trying to do is to build up an American merchant marine, a result which we have not been able to accomplish up to the present time; but in this attempt to build it up we are putting restrictions around it which are more severe than are placed around the shipping of any other country in the world.

Mr. WORKS. Now, may I ask the Senator whether, in his judgment, the provisions of that particular section of this bill

apply to tramp ships?

Mr. WEEKS. I do not think so.

Mr. WORKS. To what extent, if the Senator knows, is the foreign business being carried on by tramp steamships?

Mr. WEEKS. It is difficult to state; but the tonnage of foreign ships employed as tramps is very much more than one-half the total. I think something like three-fifths of the tonnage engaged in the foreign trade of the world is of the tramp class, and, of course, that includes substantially all of the cargo carriers.

Mr. WORKS. Does the Senator think that the power to regulate the regular steamers, as we may call them, the common carriers, is going to be detrimental to them as compared with the tramp ships that are not controlled or regulated?

Mr. WEEKS.

Oh, undoubtedly.

Then we shall have a part, and what may be Mr. WORKS. called the legitimate part, of the steamship service under control and limitations that may be hurtful to that trade as compared with the tramp-steamer business?

Mr. WEEKS. Undoubtedly. That is exactly what I have

been trying to point out.

Mr. WORKS. The Senator from Massachusetts may have done so when I was not here; but it struck me as being an interesting feature of the investigation.

Mr. WEEKS. I do not believe it would be possible for a commission like the one proposed in this bill-a shipping boardto make rates for tramp steamers.

Mr. CUMMINS. Mr. President—
The PRESIDING OFFICER (Mr. Johnson of South Dakota in the chair). Does the Senator from Massachusetts yield to the Senator from Iowa?

Mr. WEEKS. I do.

Mr. CUMMINS. I have asked more than once with regard to section 18, whether or not it applies to foreign ships? The Senator from Florida [Mr. Fletcher] said yesterday, I think, that it did. I should like to put to the Senator from Massachusetts this inquiry: Discriminatory rates are forbidden. Suppose that we have an exporter shipping goods to Hongkong; Great Britain has an exporter shipping goods to Hongkong; and the rate from Liverpool to Hongkong discriminates against the shipper who is compelled to ship from New York to Hongkong. Some instance of that kind is the only one of which I think now that section 18 would apply to. Does the Senator from Massachusetts think that we could prescribe the rate from Liverpool to Hongkong, either by raising it or lowering it, so that the New York exporter could enjoy a rate that was comparatively just? I confess that I do not understand how those who are advocating this bill intend to apply its provisions to foreign ships.

Mr. WEEKS. Mr. President, I do not think they intend to apply it. I think they intend to pass this bill to save their own faces, and then they expect a Republican administration, which will repeal the law before it takes effect. I do not think they care very much about the questions which we are

Mr. CUMMINS. The effect of that construction, if that be the proper construction, would be that our ships, under the necessity of competing with foreign ships, would be subject to this law; the foreign ship would be free from any regulation; and our ships, not being able to meet the competition, would have to go out of business.

Mr. WEEKS. That is it exactly, Mr. President, if we have any ships on the ocean, we can regulate them off the ocean putting restrictions around their operations, but we can not in any way control the foreign ship, except when it is within our 3-mile limit. We have not been able to compete successfully against foreign shipping in recent years for various reasons which I am not going to now discuss. If we have not been able to compete when our ships had all the latitude that was possible, how are we going to be able to do so when they are restricted to some degree, as they must be under this bill, and foreign ships escape all such restrictions?

Mr. FLETCHER. Mr. President, did I understand the Senator from Iowa to refer to section 18?

Mr. CUMMINS. I was referring to section 18.

Mr. FLETCHER. I ask the Senator from Massachusetts if he doubts the power of Congreses to enact legislation of this kind and to enforce it? Do I understand the Senator to . question whether Congress has the power to enact this kind of legislation and to enforce it?

Mr. WEEKS. I do not think, Mr. President, that the Senator from Iowa made any suggestion about Congress not having the power to enact such legislation. I did not so under-

Mr. CUMMINS. I have no doubt about our power to enact such legislation so far as our own ships are concerned, but I am waiting to hear some discussion of the way in which we can apply the regulation of section 18 to foreign ships.

Mr. FLETCHER. In that connection-and I shall not interrupt the Senator to enlarge on that now-I will call the attention of the Senator to page 128 of the hearings before the Committee on Merchant Marine and Fisheries of the other House to the statement of Mr. J. Parker Kirlin, who is a lawyer in New York engaged extensively in the practice of admiralty and maritime law there, and a member of the subcommittee of the chamber of commerce. He came down here and appeared before the committee of the other House. I ask the Senator to look at Mr. Kirlin's statement upon that subject.

I may say now that I believe I am absolutely within the facts when I report what has been said to me, that section 18 is in accordance with the suggestions of Mr. Kirlin before the House committee. If it is not precisely so, it is so in sub-

stance.

Mr. CUMMINS. Mr. President, if the Senator from Massachusetts will permit me, I wish to make this suggestion: I have not read the testimony or statement of Mr. Kirlin, but somebody in the Senate ought to be able to explain the application of this section. Apparently it is intended to protect our exporters against discriminatory rates which may be given by some steamship company to the exporters of foreign countries. They would need no protection unless they were endeavoring to reach the same markets substantially. If anyone can show me how the United States can control a rate from some foreign port to a foreign market in order that our exporters may be able to reach that market upon comparatively even terms, I could see some good in the section; but I have been utterly unable to discover how it could be applied in any way, except to embarrass and to restrict our own ships.

Mr. WEEKS. That is exactly the conclusion to which I have come.

Now, Mr. President, I wish to say something about the

shipping board.

Mr. NORRIS. Will the Senator, before he leaves that point, allow me to make an inquiry for information? Regardless of what the regulations might be and what are necessary to be considered, this idea struck me in listening to the colloquy between the Senators: In the first place, the suggestion made by the Senator from Iowa [Mr. CUMMINS] is, in my judgment, unanswerable; that is, we can not legislate to regulate traffic between one foreign port and another foreign port; that is certainly beyond our jurisdiction; but, notwithstanding that, would not section 18 still apply to transportation either by an American vessel or by a foreign vessel from a foreign port to an American port or from an American port to a foreign port; and if such regulation is desirable, ought we not to protect such shippers the same as we protect railroad shippers against

any extortionate rate or rule or practice?

Mr. CUMMINS. Mr. President, I agree we ought to do it if we can; but we are trying to protect the exporters of the United States in this section of the bill, because the section specifically limits its operations to those rates or charges or practices which are unjustly prejudicial to exporters of the United States. When we export a thing we export it to some foreign port; and, if our shippers are discriminated against, it must be because some other shippers can reach that foreign port at a rate which is comparatively low; that is, our exporters are charged more for reaching that port than are their competitors in some foreign country. In order to carry out the provisions of the section we have got to control the rates from the foreign country in which the goods may be manufactured to the foreign market in which they are sold. I quite agree with the Senator from Nebraska that our export business should be as carefully protected as our domestic business, but

I have not been able to discover how this section will do it.

Mr. FLETCHER. Mr. President, I will say to the Senator that section 18 applies to all ships coming in or going out of United States ports, whether American vessels or foreign vessels. Of course, the section does not attempt to regulate vessels trading between Liverpool and a foreign port. We can not do that; but it only refers to ships passing in and out of our own

Mr. NORRIS. Mr. President, will the Senator from Massachusetts permit me to ask the Senator from Florida a question?

Mr. WEEKS. Yes.

Mr. NORRIS. I agree with the Senator that we can not regulate the rates, the rules, or other matters in connection with ships passing from one foreign port to another foreign port, but it seems to me that there is some foundation for the criticism of the Senator from Iowa in regard to section 18, because does it not attempt to do that very thing? Section 18 provides:

That no common carrier by water in foreign commerce shall demand, charge, or collect any rate, fare, or charge which is unjustly discriminatory between shippers or ports, or unjustly prejudicial to exporters of the United States as compared with their foreign competitors.

I should like the Senator from Florida, or some other Senator, to explain what that language means. It says the rates shall not be so discriminatory that they will injure our foreign commerce; or, in the language of the bill, rates shall not be "unjustly prejudicial to exporters of the United States as compared with their foreign competitors." American exporters are men who ship out of the country, and their foreign competitors are men who ship out of a foreign country to the same market to which American exporters ship. How can we regulate the rates of our foreign competitors in that case?

Mr. FLETCHER. Of course, we can not regulate rates so far as our foreign competitors are concerned, but we can go so far as to say that they can not discriminate against our ex-porters by affording unjust advantages to the foreign competitor. That goes really to the question of conference agreements and arrangements whereby the ships are operated for the benefit of certain interests in other countries that are directly prejudicial to the interests of shippers in this country. We can not, of course, regulate the rates from a foreign country to another foreign port, but we can provide that ships shall not discriminate against our exporters by way of entering into arrangements and agreements which afford rebates, and what not, favoring the foreign competitor.

Mr. NORRIS. That is true; but the Senator from Florida

does not answer the question which I propounded. I concede that we can and that we ought to regulate foreign commerce just so far as we can do so; but the Senator from Florida agrees with me that we can not regulate foreign commerce between one foreign port and another foreign port. Vessels must

come into our ports before they are subject to our jurisdiction, In the case I put and in the question I asked, I took the case of an exporter from the United States. Let us take a particular port. Suppose there is an exporter at San Francisco sending his goods to Hongkong, China, and there is a firm in Liver-pool exporting from Liverpool to Hongkong, China. This section says:

Or unjustly prejudicial to the exporters of the United States as compared with their foreign competitors.

There is a case where the provision will apply, it seems to me. if I understand the language. How, then, could we protect the exporter at San Francisco from any injustice of any kind, either because of a rate or a rule or a rebate or a regulation of any kind existing in favor of the exporter from Liverpool to Hongkong'

Mr. WEEKS. Mr. President, this whole question-

Mr. GALLINGER. Will the Senator from Massachusetts permit me to make an announcement?

Yes.

Mr. GALLINGER. Mr. President, on yesterday I gave notice that I would continue the discussion of this bill to-day. I understand that an early adjournment has been arranged, and I now give notice that on Monday morning-

Mr. NORRIS. Mr. President, may I ask the Senator at that

point why is an early adjournment necessary to-day?

Mr. GALLINGER. I can not answer the question, but I have been informed that there is to be an early adjournment.

Mr. NORRIS. Perhaps the Senator from Florida can tell us why it is necessary to adjourn at 2 o'clock. Is that because there is to be a Democratic caucus at that hour?

Mr. GALLINGER. Mr. President, I will complete my notice. In view of what I understand to be the purpose of the majority to have an early adjournment, I will conclude what I have to

say on this bill on Monday morning.

Mr. WEEKS, I can tell the Senator from Nebraska the reason we are adjourning at 2 o'clock. We are adjourning to enable the majority to hold a caucus. At that caucus they are going to consider the proposed finance bill, and in the secret caucus to be held they are going to bind every Demo-cratic Senator to vote for the bill which they are to report so that we can not change it in any way or shape when it comes before the Senate. That is the purpose of adjourning at 2 o'clock this afternoon.

Mr. NORRIS. Does the Senator from Massachusetts mean that the official body, the Senate, must adjourn in order that

the unofficial body, the caucus, can get in its work?

Mr. WEEKS. That is exactly what the Senator from Massa-chusetts means, when that caucus completes its work every Democratic Senator's hands will be tied, and, so far as the ultimate result is concerned, the finance bill will have passed

Mr. FLETCHER. Mr. President, I can not quite admit that what the Senator from Massachusetts says is entirely accurate. It may or may not be that there will be held a caucus. I presume that is likely to follow, but whether everybody is going to be bound by what is done there and everybody's hands will be tied in the manner the Senator from Massachusetts suggests is quite another proposition. He may know more about that than I do; but I imagine it is entirely agreeable to the other side to adjourn at 2 o'clock. We have been adjourning on Saturdays somewhat before the usual hour. If the other side desires to vote on this bill in the meantime, we on this side are perfectly willing to do so, and will be very glad to do so. We will continue the discussion, anyhow, until 2 o'clock, and perhaps we can get a vote on the bill; or, if Senators on the other side will agree to fix a time when they will agree to vote on the bill, I am willing to do that. If the other side is willing to fix a time on Monday to vote on this bill, I will be glad to have that done.

Mr. GALLINGER. Mr. President, with the permission of the Senator from Massachusetts, I will say to the Senator from Florida that we will not be prepared to vote on the bill, nor will we be prepared to make an agreement to vote on it, on Monday. There are to my knowledge four or five Senators who want to speak on Monday; but, I think, on Monday we can easily get an arrangement to vote probably on Tuesday.

Mr. FLETCHER. I am very glad to hear the Senator give that assurance

Mr. CUMMINS. Mr. President, is the suggestion just made by the Senator from Florida upon the hypothesis that this bill is not going to be changed in any way? I have some amendments which I intend to propose to the bill, and I had hoped I could propose them to open minds. I think it would take an hour or two to place those amendments before the Senate.

Mr. FLETCHER. I have not suggested that no amendment would be considered or that the bill could not be changed at all. What I mean by voting on the bill is to vote on it in the regular way

Mr. CUMMINS. I thought the suggestion of the Senator from Florida that we might before 2 o'clock or by 2 o'clock vote on the bill must be based upon the idea that there was to be no change in the bill. I am very sure that I can point out some modifications that will appeal to every mind that is not foreclosed by some prior arrangement or decree.

Mr. WEEKS. Of course, Mr. President, the Senator from Iowa knows that the mind of every Democratic Senator is foreclosed on this subject and that the bill is going to be passed as

it is now pending before the Senate.

Mr. FLETCHER. I do not know of any conclusion to that effect; in fact, I have one or two amendments which I intend to offer myself. They will not interfere materially with the substance of the bill, but I think they will improve it a little.

Mr. CUMMINS. I should like to ask the Senator from Florida whether the amendments which will be proposed by him have been submitted to the Democratic caucus?

Mr. FLETCHER. They have not.

Mr. SMITH of Georgia. This bill has never been submitted, Mr. President, to any Democratic caucus. If so, I never heard

Mr. CUMMINS. Then the newspapers gave a very false and misleading account of the proceedings of the caucus, because it has been published that certain members of the majority who were opposed to the bill a year ago had, after conference with their fellow members, found in this bill a measure which they could support.

Mr. FLETCHER. I think that is true. It was announced this morning by the Senator from Alabama [Mr. BANKHEAD] in his address that they would support this bill, and, so far as

I know, he stated it as fully as anybody could.

Mr. SHAFROTH. Mr. President, I will say to the Senator from Iowa that there has been no caucus on this bill by Democratic Senators; that every Senator is entitled to present any amendment he desires and to have it acted upon, and I have no doubt, if it is a good amendment, it will be adopted.

Mr. CUMMINS. I am delighted to hear that, because I have some meritorious amendments, and, if my friends upon the other side will listen to them when they are proposed and will feel

perfectly free to act, I know they will be adopted.

Mr. FLETCHER. Mr. President, getting back to the inquiry of the Senator from Nebraska [Mr. Norris] with reference to this bill, of course I can not presume to interrupt the remarks of the Senator from Massachusetts by entering upon a full discussion of the question; but I suggest this is a matter to be thought of by the Senator from Nebraska. To state it very briefly, what is meant by section 18, as I understand, is this: Suppose, for instance, a ship sailing from Liverpool to Buenos Aires, in order to benefit an English merchant, puts down its rates so that it can undersell American merchants. In such a case the shipping board would have something to say as to the rates on ships sailing from New York to Buenos Aires in order to prevent that sort of discrimination. That can be elaborated, and will be later; but I can not interrupt, of course, the Senator from Massachusetts further than to make the suggestion.

WEEKS. Mr. President, the discussion has gone somewhat afield from the line which I was taking; but I want to say that I do not subscribe personally to the general principle of regulation of foreign shipping which this bill proposes. Some Senators have said that the principle accords with their ideas; but in my judgment, in the case of foreign shipping, we have got to follow the methods of other nations or we are not going

to get satisfactory results.

Competition is as free as the ocean in the foreign carrying trade of all nations, and competition has been sufficient in the past, except under unusual conditions, to meet the demands of the shipping public, and meet those demands on a basis which did not bring large or certainly extravagant returns to the capital invested in the shipping.

For example, to show how variable the returns on capital invested in this way may be, I read from the London Fair Play

under date of July 1, 1915:

The rates paid are the average rates paid to British shipping engaged in a regular service

That is, line service-

for a period from 1904 to 1914. In 1904 the net return was 1.7 per cent; in 1905, 2.52 per cent; in 1906, 0.68 per cent; in 1907, 0.29 per cent; in 1908, 1.53 per cent.

It will be noted that in those five years the average rate obtained by British line service was not more than 11 per cent on the money invested. Now, of course money never would go

into shipping or anything else unless there were a possibility of a larger return under some conditions that might develop. we going to regulate our shipping so that when that possibility does develop we are going to say that the rate is unfair and should not be charged? If we are, then there is an end of our merchant marine engaged in the foreign trade. We might just as well recognize that now as later.

I continue to read the returns to British shipping:

In 1909, 3.87 per cent; in 1910, 3.78 per cent; in 1911, 0.66 per cent. Now we come to a period when shipping became very profitable:

In 1912, 11.11 per cent; in 1913, 33.27 per cent; in 1914, 18.79 per cent.

In other words, for that 11-year period the average return was not very far from 6 per cent, and may have justified the investment of capital in that kind of service. But if our shipping board were to say, during the years 1912, 1913, and 1914, that a return on the capital of 33 or 18 or 11 per cent is un-warranted, and should be reduced, the possibility of making up for the lean years by the large profits made in the years like those which I have last instanced would cease. In other words, if we are going to restrict the shipping to a limited rate which it may charge in years when business is good, we will not have any shipping at all, because the probable average net result would not be a fair return on the capital required.

Let us go back over the course of shipping for the last 100 years in periods of unusual conditions. During the period be-fore the peace of 1815 we had an embargo which continued seven years, during which time our manufacturing development was very considerable in the United States; but our shipping was tied up, the docks rotting. At the end of that period, or in 1815, we had an entire reversal of these conditions. Our people needed the kind of goods which were produced abroad which they had been unable to get for so many years, many of which were not produced in this country. The result was that the available shipping made enormous profits for practically a year. At the same time many goods came in which were in competition with our own manufacturing which had been developed during the embargo period and practically shut down the mills of this country; this caused the tariff of 1816.

Similar conditions have developed at other times. for example, when the Boer War was being fought, when it was necessary to transport a million or more men from England, and all the supplies and other things that are necessary in carrying on the operations of an army of that size, there was a great dearth of shipping. The result was that the rates charged by ships engaged in that kind of trade doubled and in some cases trebled. But as soon as the war was over those rates took a tumble, going down to rates which could not have been profitable. The truth of the matter is that for the period after the Boer War, say from 1902 to 1912, there was a great quantity of idle shipping the world over, and the results

were unprofitable in the case of all nations.

We are going to have to meet exactly the same result when this war is over, Mr. President. The amount of shipping available in the world has not decreased very materially. Perhaps there has been a million tons destroyed since the beginning of this war; not more than that. There has been something like 6,000,000 tons of German and Austrian shipping tied up, and Russian shipping to some degree has been tied up. At the largest estimate not more than 9,000,000 tons out of, say, 48,000,000 tons of shipping has been destroyed or tied up or diverted during this war; but that has been sufficient with the increased trade which the war has developed, especially with the United States, to boom rates beyond any figure which we have heretofore known. But we are building, and every country in the world is building, more than ever before. We have more than a million tons of shipping contracted for or on the stocks in this country to-day; and for the first time within the memory of any Senator in this body we are able to build ships in this country cheaper than they can be built abroad, largely because of the pressure on the other side for vessels to be used for war purposes. Now, if we are building more rapidly and other countries are building as rapidly as possible, if there has been only a million tons of shipping destroyed, which will be replaced and more before the war is over, if there is a slackening in trade, which everyone who has followed trade conditions believes will be the result at the end of the war, the shipping of the world which will then exist will be sufficient, and probably will be more than sufficient, for the needs, and therefore it will become unprofitable again.

So we may rest with absolute assurance on this statementthat if we build ships under these conditions they will cost

us substantially twice as much as they would if they were built under normal conditions. If we buy them, we will buy them on the same basis. We will pay substantially twice the price that those ships should command under normal conditions. Therefore we are going to make a very great loss on the capital investment in this shipping if we go into it; and if we keep the ships and do not sell them, undoubtedly we will be operating them after this war is over at a loss, as they will be in competition with all the shipping of the world. So from any standpoint it is not a promising prospect to engage in this business from the purely financial point of view. I want to add a word about the shipping board. I am in

favor of a shipping board, limited to certain definite purposes. I think it is one of the boards which we have really needed. We are doing very many things through other agencies which the shipping board might do better.

The head of the British Board of Trade is a cabinet officer,

and it has to do with all of the great industrial affairs of the Empire. One of its branches represents the merchant marine of Great Britain; it is noticeable that this bureau has no power over the merchant marine which is of a restrictive character, especially in the case of rates, but devotes its activities to those policies which will develop the efficiency and the profits obtained by the merchant marine. We should have a board of that general character. We have now a Bureau of Navigation, we have a Steamboat-Inspection Service, we have certain functions connected with the Treasury Department that would come within the province of this board, as well as the Bureau of Foreign and Domestic Commerce of the State Department, the Immigration Service, or some features of it, and some of the work connected with the Department of Justice. All of those activities might properly, at least to some degree, be put under the control of a board of this character.

Furthermore, if the board will study the questions involved in shipping, and will submit to Congress its recommendations as to what should be done about our navigation laws, if it will devote the expert knowledge which its members should have to a study of the real fundamental reasons, if they exist, on which a law of this kind, or any other kind, should be based, then such a board will have ample opportunity to perform good service, avoiding the kind of duty which some of the features of this bill provide, which I think will be inimical to the best

interests of our merchant service,

As to the shipping board, the bill develops unusual condition. We put \$50,000,000 into the hands of this board of five men, unknown to any Senator now, I assume, with powers to buy, sell, lease, charter, and many other things. It is really a trading brokerage and managerial board, all in one, under the

provisions of this bill.

It has, to be sure, with the formal approval of the President, the right to buy ships, the right to sell ships, the right to lease ships, the right to charter ships. It has greater powers than any board connected with our Government or any board connected with any government in the world that I know anything about. More than that, Mr. President: It may not only spend \$50,000,000, which the Government will furnish-because I can not imagine any private individual who will be eccentric enough or unwise enough to put any money into this operation as a minority stockholder-it will not only furnish that \$50,000,000, but, under this bill-and I hope the Senator from Florida will listen to this-as I read it, the board is not limited in the obligations which it may incur. In other words, it could buy \$100,000,000 in value of ships, or \$200,000,000, and give the obligation of the board for their purchase. I do not see anything in the bill which would prevent incurring an indebtedness of that

If that is the case, Mr. President, there being no minority stockholders, the Government might not only be involved for this \$50,000,000, but for a tremendous amount in addition thereto. I am going to discuss later with some comprehensiveness the question of the coastwise trade and the undesirability, I believe, of allowing these ships to go into the coastwise trade; but I want to make this comment at this point: If my general conclusion about the powers conferred by this bill is correct, not only may this board spend \$50,000,000, every dollar of which may go into ships which may be used in the coastwise trade, but it might buy \$50,000,000 worth of ships, sell them to people who might use them in the coastwise trade, go abroad and buy ships to the extent of \$50,000,000 more, and continue that process until the American shipyard would be a thing of the past. We could not build ships in this country under that con-Under the best conditions it will militate so greatly against American shippards, and the tens of thousands of men employed in them, that we will hear from both without any question as soon as this bill is put into effect. But unless there is a limitation on the power of selling, the \$50,000,000 which may be invested in ships, enabling the board to sell as it pleases, to buy more and sell at once might mean that we would have one or even two hundred million dollars invested in ships of foreign construction engaged in our coastwise trade.

I do not say that the board will take that action. I do not know whether they will do it or not; but under the terms of this law it seems to me that it may do so, and such a possibility is one which I do not think the Senate ought to consider favorably

Mr. FLETCHER. Mr. President, I take it the Senator has observed the provisions of section 14:

That for the purpose of carrying out the provisions of sections 5 and 1, no liability shall be incurred exceeding a total of \$50,000,000.

That is the provision with reference to the total liability which the board shall incur.

Mr. WEEKS. I take that, Mr. President, to mean liability as far as stock is concerned.

Mr. FLETCHER. Oh, no.

Mr. WEEKS. I will read that again, with pleasure; but that

was my conclusion after reading it.

Mr. FLETCHER. I think not. It specifies that "for the purpose of carrying out the provisions of sections 5 and 11," the Senator will observe, the liability is limited to \$50,000,000; and section 5 is the section which authorizes the construction and purchase of ships.

Mr. WEEKS. In any case that would not prevent the board taking the action which I have just described. It is proposed, Mr. President, to form a corporation under the laws of the District of Columbia to operate these vessels. The board must hold at least 51 per cent of the stock. The directors are to be dummies. So are the officials of the company to be dummies. The board is going to manage the affairs of this corporation. On the dissolution of the corporation, which must come in five years, the ships are going to revert to the board, and the board is the Government. So that we have in a way the Government, the board, and the corporation, which are really the same thing. You might just as well appoint a general manager for the corporation, directly representing the Government, as to go through these steps of forming a corporation which is to have no effect whatever, unless it has some unwary citizen to put his money into the stock and the officers of which are to be dominated by the members of the board.

What an outcry there would be, Mr. President, if we were going to turn over to the Interstate Commerce Commission a billion dollars, authorizing that commission to use the money to buy railroads, to sell railroads, to lease railroads, or to do all of the other things that may be connected with the operation of railroads.

It would be just as logical and a great deal more sensible, in my judgment, to do that, because the railroads are within our territory; they are under our control, while the shipping provided under this bill is going to be away from our control very

much of the time.

No one would think for a moment of appropriating a billion dollars and putting it into the hands of an unknown board to buy and sell railroads. If that is the case, why should we undertake this very unusual procedure of spending \$50,000,000, at least, putting it into the hands of five men about whom we know nothing, and telling them to go on and operate as they please without our imposing any restriction on their activities? I want without our imposing any restriction on their activities? to call attention to the fact, too, that money does not have to be appropriated from year to year for the purposes of this board; but when the money is once appropriated and invested in ships, Congress absolutely loses control over it. When a ship is sold, the money goes into the Treasury to the credit of the board, and the board may spend it for the purposes provided under the law at any time it sees fit. In other words, this is a general trading proposition, without the possibility of any restriction whatever on the part of Congress after the first step has been taken.

Under the provisions of this law the American citizen may buy

a ship abroad, but when he wants to sell that ship he can not sell it abroad without the permission of the board. The board may be broad minded; it may be all wise in handling such questions, and its judgment about the price at which the ship should be sold may be quite to the interest of the owner. But, on the other hand, the board may be narrow-minded; it may be prejudiced, and having permitted our citizen to buy the ship abroad and put it into operation where it may have been in competition with the operations of the board, which operations have made it unprofitable, it may say: "You can not sell that ship abroad, where you purchased it, without our permission."

All of these steps, while they may seem minor in themselves,

are going to have an influence on the investment of capital in operations of this kind. Capital is timid at best; but it certainly

is not going into an operation like shipping unless there is an assurance that there is going to be a suitable return on the investment. And I think we are providing every assurance which may produce a doubt in the minds of capital and probably prevent doing just exactly what the framers of this bill hope will

Let us suppose that the board has purchased ships to the value of \$50,000,000 and put them into operation. It is a part of the general proposition that this is going to benefit somebody. Benefit whom? Benefit the shippers? How is it going to benefit the shippers? If it is going to benefit them, it must be by reducing rates—reducing rates in competition with our own citizens who are operating ships which year in and year out do not give them more than an adequate return.

It should be understood by everyone who favors this legislation that the competition which is proposed here is going to be very largely against our own citizens, and a kind of competition against which they will have no redress. In other words, I think it will drive private capital away from the shipping business instead of encouraging private capital to go into the shipping business.

There is one thing in the bill which I want to commend, because I think it has a distinct advantage over the original prop-This bill in its present form, as I understand, provides that the five members of the board shall in no case be connected with the administration. That was a distinct error in the bill which was considered a year ago last winter. In the first place, the administration officers, if they are attending to their duties, have sufficient work laid out for them to employ all their time to the advantage of the Government; and in cases where members of the Cabinet or others connected with the administration are members of a board at the same time it is the history of such operations that they do not give any detailed attention to the work of the board. This has to be done by some one else. Then, necessarily, the members of the administration are parts of a political organization, and it is impossible when a Secretary of the Treasury or a Secretary of Commerce or any other member of a Cabinet is a member of a board that that fact shall not have some influence on the activities of the board. Such boards like the shipping board, if they are going to be of any value at all, must be entirely removed from the immediate political influence which happens to be in control of the Gov-

My judgment is that one of the weakest phases of the Federal-reserve law is the provision inserted in the bill by the insistence of the administration that the Secretary of the Treasury and the Comptroller of the Currency should be members of the Federal Reserve Board. It has been the history of that board that they have been a disturbing element in it; that they have not given any detailed attention to the work of the board; and, very largely, it has been the orders issued by the comptroller that have prevented State banks from coming into the Federal Reserve System. I have no doubt this well-known condition was given consideration by the committee in framing this bill, and it came to a wise conclusion. I distinctly approve of having this board entirely removed from any administration

The board has power to have constructed ships in American shipyards, navy yards, and elsewhere, giving preference to American shipyards, other things being equal. What other things being equal? The cost of construction, evidently. There never has been an instance in the history of our Government until within a year's time when we could construct ships in this country as cheaply as they could be constructed in foreign yards, and that will be the condition again as soon as this war is over. Paying the wages which we do in this country and paying the prices for materials which we do, we can not permanently compete with foreign shipyards in the construction The result will be that we will not construct any ships in our shipyards after this war is over. Neither will we construct ships in our shipyards before the war is over, because they have all the orders they can handle for the next two years. So we may be sure that this \$50,000,000, instead of being spent in American shipyards, is going to be spent in foreign shipyards, or we are going to buy foreign ships which were built in foreign shipyards. In other words, the American shipbuilder is going to get no benefit whatever, it seems to me, from the provisions of this bill.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER (Mr. Martine of New Jersey in the chair). Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. WEEKS. I do, with pleasure.

Mr. SHAFROTH. Is it not a fact that we can manufacture steel at a lower price than in any other country in the world? Mr. WEEKS. Some types of steel products undoubtedly we

Mr. SHAFROTH. Can we not manufacture the steel at a low price that enters into ships? Most ships are now steel Will not that give us an advantage in constructing ships in the future?

Mr. WEEKS. I do not think the Senator is correct in saying that we can manufacture or produce the average quality of steel that goes into ships cheaper than it can be done abroad in normal times.

Mr. SHAFROTH. I have so understood. I may be mistaken,

Mr. WEEKS. By doing work on a large scale we have developed some lines of business in steel products, like bridge building, in which we have been competing successfully with

Mr. SHAFROTH. Are we not and have we not for a number of years been exporting large quantities of steel that goes in construction of ships and bridges and other things?

Mr. WEEKS. I do not want to admit anything on that line without looking up the conditions under which the exports were made, and what the condition of the market was abroad, and other similar matters which may have a bearing on whether we could do so or not. Of course, we are shipping more and more products, due to the fact that we manufacture on a larger scale than we used to do; due also to the fact that we have perfected machinery to a degree which has enabled us to compete with foreign countries. For example, we have developed all the machinery used in making shoes in the United States, and much of this class of machinery is now used in making shoes in Europe. In other words, our shoemaking machinery has excelled any that has been developed elsewhere in the world; so that we do compete with other countries in shoemaking. That is the only reason why we have been able to export shoes which we do, to the extent of seven or eight million dollars a year. It is because our machinery has been so much better than the machinery which was produced abroad that we could make the shoes and ship them abroad in competition with their own But now our shoe machinery is going into those countries, replacing foreign machinery; and whatever other conditions may be, we are almost sure to lose the exportation of shoes which we have enjoyed for the last 10 or 15 years.

Under the provisions of the bill which we considered a ago last winter, a vigorous effort was made by opposition Senators to prevent the purchase of ships belonging to belligerents. Those who were in control of the bill—the majority of the Senate—at that time refused to consider an amendment which would prevent the purchase of a belligerent ship. I believed then, and I believe now, that the original purpose of that legislation was to buy the interned ships in this country, the German ships very largely, and that the legislation would never have been considered if it had not been for that purpose. That is my personal belief. It did seem to me extremely unwise that we should buy belligerent ships under the conditions which then prevailed, and I greatly regretted that those in charge of the bill at that time were not willing to consider an amendment which would prevent the possibility of our buying a quarrel. Now they have exactly reversed their position at that time, and we find that the principle of not buying belligerent ships is considered sufficiently sound, so that they refuse to permit the selling of our ships when we are engaged in a war. I commend that change at least.

The shipping board, which I have discussed somewhat, has a dual function, and it is to that particular point I want to bring the attention of those who are listening to me.

First, It regulates the American merchant marine and its operations.

Secondly. It manages a part of it which may be directly in competition with the privately owned portion.

In other words, the duties of the board must necessarily be conflicting in this respect. Suppose we spent a half billion dollars for the purchase of a great railroad system in this country and we put it under the control of the Interstate Commerce Commission and that this railroad were in direct competition with three or four other lines running between Chicago and the Pacific coast, the other lines being privately owned and privately managed would be under the control, as far as rate making is concerned and in other ways, of the Interstate Commerce Commission, and the road that we bought were operated by the Interstate Commerce Commission. There would be great pressure on a Government road as there will be on Government ships for low rates, and no board can withstand, in my judgment, the po-

litical pressure which will be brought.

An illustration of this condition is indicated in the European countries where the Governments own the railroads. senger rates are relatively low, while freight rates in those countries are relatively high. The number of shippers is not great, of course, compared with the number of passengers who travel. The pressure of the great traveling public is so great that rates are constantly reduced for that service, while the freight rates are maintained in many cases to twice the level that obtains in this country

That would be the case if we owned one railroad and put it in the hands of the Interstate Commerce Commission to operate in competition with privately operated roads. They would feel a pressure which would compel the reduction of rates on the Government line and which would probably affect the rates made for privately owned lines, so that all such investments would be unprofitable.

The same result will obtain in the case of shipping, if we buy ships and operate them under the control of a board, the board at the same time controlling the operations of privately owned ships directly in competition with them. We are going to have the result of a dual operation, a conflicting operation, and one in which the Government's investments are going to bring a less and less return as the pressure for lower rates continues

I said some little time ago the board is given the power to buy and sell and charter and lease or do any other act which it sees fit along those lines. The limitation is put in the bill that the act of selling shall have the approval of the President. Of course that would be an absolutely formal action on his part. So in effect we are turning over to this board this \$50,000,000

with the power to trade as it pleases.

Fifty million dollars under present conditions would probably build about 500,000 tons of the kind of ships which should be built for the purposes which this bill contemplates. In normal times \$50,000,000 would build about 1,000,000 tons, or about twice as much tonnage as now. So we may assume that we will lose 50 per cent of our investment as soon as conditions become normal after the war. But even if we build 500,000 tons of normal after the war. But even if we build 500,000 tons of ships, that is only a small element in the total shipping of the United States. We have some eight and a half million tons flying our flag at this time, so that the 500,000 tons would be about one-seventeenth of our total shipping. There are about 48,000,000 tons of shipping in the world. Therefore the 500,000 tons would be about one ninety-sixth of the total shipping of the world, not a large element in either case, either in connection with our own shipping or the shipping of the world.

The fact is that, undoubtedly, when the war is over there will be ample shipping for all needs without this unusual construction, even if we could get the ships constructed. So this measure will simply add that additional amount of tonnage to reduce the possibility of the shipping which is already constructed earning decent returns on the money invested.

When the bill was under consideration in the Sixty-third Congress an amendment was offered providing that ships pur-chased under the provisions of the bill should be used in the coastwise service and a further amendment that such service should be opened to foreign ships of all kinds.

#### Monday, August 14, 1916.

Mr. WEEKS. Mr. President, when I yielded the floor on Saturday last on account of the early adjournment of the Senate I had reached that point in the discussion to which section 9 refers-that is, the question of the admission of Government owned and operated ships into the coastwise trade-and it is that subject I now wish to discuss at some length,

The question will be asked in connection with the amendment to section 9, Why should not the Government have the right to employ its own ships in any trade it pleases?

The question is a plausible one, but it ignore some important considerations. One is fair play on the part of the Federal Government toward American citizens. Another is the maintenance of the national defense.

There is no lack, and in normal times there is no pretense of any lack, of sufficient tonnage in the great domestic trade of the United States. Unlike the over-seas trade, this coastwise trade has always been a protected industry—absolutely protected for 100 years, because Federal law has forbidden foreign shipowners, with their low-wage crews and, perhaps, with subsidies and bounties, to engage in it. This home trade has been left to American private capital and enterprise, with the result that, unlike the over-seas trade, where for many years there has been no protection except to a few ocean mail lines, American ships employed in coastwise carrying have steadily increased in ton- and 74 per cent of the tonnage."

nage until this American domestic fleet of 6.852.536 tons in 1914 exceeded by 1,500,000 tons the entire coastwise and over-seas fleet of the German Empire, and, next to the vast fleet of Great Britain, was the largest merchant shipping in the world.

American coastwise shipping has grown and prospered in the same way in which agriculture and manufactures have grown and prospered, and there is no more need of Government participation in this than in the other great national industries. There is no more need of it and there is no more justice in it in the one case than in the other. Government ownership and operation of merchant ships in the over-seas or foreign trade is defended on the plea that private capital and enterprise have failed to provide tonnage sufficient for more than one-tenth of the value of our export and import commerce—the fact being wholly ignored that shipowning in this over-seas trade is the one American industry that has had no share in the general system of national protection-if the few mail lines already mentioned are excepted.

But any such defense for Government ownership and operation of merchant vessels in the coastwise trade is wholly impossible. This means Government ownership and operation for the sake of Government ownership and operation, and it puts the Federal Treasury into direct competition with an industry that has grown with the growth of the country and successfully

met all the needs of the American people.

It is as if Congress were to propose to set the Government up into competition with the cotton planters of the Southern States or the corn or wheat producers of the Middle West-establishing a certain number of Government cotton plantations or corn or wheat growing farms in every county, and operating them by Federal money, without regard to profit, in rivalry with the planters and farmers who have to pay interest on the money used, and earn a livelihood for their families and themselves.

If such a proposition were seriously made in Congress, it would be fought to the last extremity by all Senators and Representatives from the cotton and grain growing States as an intolerable abuse of the power and wealth of the Federal Government. But why should the same proposition, involving the same element of injustice, be made toward the shipowners and shipbuilders of the ocean and the Lakes? All that is wrong and indefensible in it in the one case is equally wrong and inde-fensible in the other, and fair-minded men of all sections of the country ought to stand together against any invasion by the Government of any normal business in which any part of the

American people is engaged.

There is no more reason why the Government should purchase and operate coastwise merchant vessels than why it should purchase and operate plantations or farms or factories. In any case it would be a usurpation of the natural rights of private capital, enterprise, and labor. The question, Why should not the Government use its ships in any trade it pleases? is no more convincing than the question why the Government, having once acquired plantations, farms, and factories, should not use them in any way it pleases. It is not the function of the Government to compete with and destroy the established business of any of its citizens, whether that business be on the land or on the sea. Even if the Government were forced by temporary conditions to acquire for its own auxiliary defense a fleet of merchant steamers, those ships could be most properly and advantageously employed not in the home trade of the United States, where there are enough American ships, but in the foreign or over-seas trade, where the great present lack of ships exists, and where, in chief part, the competition would be with alien flags and alien corporations and not with the American flag and American shipowners.

It has been falsely urged that the coastwise shipping industry is a "monopoly," and that thereby a Government attack upon it is justified. This is a "monopoly" of all American citizens, made such by Washington, Jefferson, Madison, and their con-temporaries, who deliberately sought to reserve this domestic commerce to American-built ships, American owned. But it is a monopoly that is open to all of us. A report of the Committee on Merchant Marine and Fisheries of the House of Representatives, presented in 1914 by Chairman Alexander as the result of a study of shipping combinations and conferences in the foreign and coastwise trade, has been hastily read and misunderstood by some Senators, and its real significance has been misinter-preted. The pretext for every accusation that American coast-wise shipping is dominated by trusts and combinations is always found in a statement in volume 4, page 406, of the report, to the effect that the 30 lines of steamers on the Atlantic, Gulf, and Pacific coasts and the Great Lakes that are controlled by railroads or shipping combinations, "operate 330 steamers of 868,741 gross tons, or nearly 70 per cent of the total number of steamers

This statement has been repeatedly referred to in Congress as equivalent to 70 per cent of the vessels and 74 per cent of the tonnage of the entire American merchant marine in coastwise trade. As a matter of fact, as the context of Chairman Alex-ANDER'S report shows, and as he himself has repeatedly stated, this report related only to "the regular line services," which make up altogether only a fraction of the total coastwise tonnage of

the United States.

That total coastwise shipping on March 31, 1916, consisted of 23,503 vessels, of 6,363,149 tons, of which 14,796 vessels, of 4,487,556 tons, were steamers. Thus the 330 steamers of 868,741 tons described in the Alexander report as controlled by railroads or shipping consolidations constituted only about 12 per cent, and not 74 per cent, of the total coastwise tonnage of the United States, or only 18 per cent of the total steam tonnage. Making allowance for the tow barges owned by coal-carrying railroads on the Atlantic coast, it is certain that fully six-sevenths of the entire coastwise tonnage is controlled by private shipowners, by individuals, firms, or corporations competing independently with each other. This is the industry which this bill proposes to attack by means of Government owned and operated ships, including such foreign-built ships as the Government may acquire, though foreign-built ships can not now be lawfully operated in the home trade by American citizens.

Such a proposition has never been made toward any other American business, in which there are thousands of independent proprietors actively competing with each other all the time. The great bulk of American coastwise shipping is composed not The great bulk of American coastwise simpling is composed but of regular-line services carrying passengers and fast freight but of general-cargo or "tramp" vessels, steam or sail, of widely distributed ownership, designed particularly for the carrying of lumber, grain, coal, and all kinds of heavy merchandise. These vessels, as a rule, are not controlled by great corpora-tions. Their competition is intense, their profits are moderate, and their resources will not admit of withstanding the wealth and power of the Federal Government. The "regular-line" services would suffer least from Government competition. The sharpest injury would fall upon the smaller concerns, the independent firms, the individual shipowners. Government competition in the general coastwise business would inevitably mean that in a few years most of the small shipowners would have disappeared, leaving the business a monopoly of large, rich combinations, which would, of course, have the best chance of standing out against the Treasury in Washington.

Mr. FLETCHER. Mr. President—
The PRESIDING OFFICER (Mr. BRYAN in the chair). Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WEEKS. Certainly. Mr. FLETCHER. If I may interrupt the Senator at this point, the Senator claims that the Government, as he expresses it, will be able to operate ships, including all that it may acquire of foreign-built vessels. I think the Senator is falling into the same error as did the Senator from Washington [Mr. Jones] if his view is that under section 5, which provides for the construction, purchase, charter, or lease of vessels, the vessels so chartered or leased may be employed as provided in section 7. If the Senator will examine carefully the two sections, he will find that the only vessels which can be chartered, leased, or sold by the board are the vessels that are purchased or constructed under section 5 or transferred under section 6. Those vessels that may be leased or chartered under section 5 the board is not given power to charter, lease, or sell, as a reading of section 7 will show.

The language of section 5 is:

That the board, with the approval of the President, is authorized to have constructed and equipped in American shipyards and navy yards or elsewhere, giving preference, other things being equal, to domestic yards, or to purchase, lease, or charter vessels suitable, as far as the commercial requirements \* \* \* may permit.

But in section 7 the language is:

That the board, upon terms and conditions prescribed by it and approved by the President, may charter, lease, or sell to any person, a citizen of the United States, any vessel—

Not chartered or leased at all, butso purchased, constructed, or transferred.

So that the limitation is—as to the power of the Government to charter, lease, or sell these vessels—to those which are purchased or constructed under section 5, and not to those that may be chartered or leased under section 5. They are limited to those which are purchased or built, preferably, in American

So I think the Senator is in error when he assumes that all vessels which may be acquired by the board may be chartered, leased, or sold to other people by the board and operated in

the coastwise trade. The authority to charter or lease under section 7 is confined to those vessels which are purchased or built under section 5.

Mr. WEEKS. Mr. President, I do not think I misunderstand the sections to which the Senator has referred. The provision that vessels may be built by the Government "at Government navy yards or at private shipbuilding establishments in the United States or elsewhere, other conditions being equal," means that as soon as the war is over other conditions will not be equal; that the foreign shipbuilder will be able to compete successfully with our shipbuilders; and therefore, if they are to be built under those terms, other things not being equal, they will be built abroad. That is one of the definite objections to this legislation.

But the Government is either going to build ships or it is going to buy them. If it builds them within the next two years, it must build them abroad, because our shipyards are

fully employed for that time.

Something like 1,100,000 tons of shipping are being constructed in the private shipyards of this country at this time. If the Government buys them, it must buy them abroad, under the provisions of this bill, unless possibly some regular liner is to be taken off the service which it is now performing. Therefore I assume that the ships which the Government purchases or builds are going to be built by foreign labor and by foreign capital, and that under the provisions of this bill those ships may be leased or chartered or sold to others who may use them in the coastwise service.

I do not know how much of this is going to be done. is not going to be done to a considerable extent, it should be stricken out of the bill entirely. It is a radical step for us to take, and unless it has some definite purpose other than that indicated by the Senator from Florida, it ought not to be con-

sidered at all.

Mr. CUMMINS. Mr. President—— The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Iowa?

Mr. WEEKS. I yield to the Senator.

Mr. CUMMINS. It seems to me the Senator from Massa-

chusetts is possibly admitting too much of the claim made by the Senator from Florida.

Mr. WEEKS. I did not intend to admit anything.

Mr. CUMMINS. I do not read the bill in the way he does. It is my opinion that any ship which is either bought from the board, chartered from the board, or leased from the board is

admitted to the constwise traffic.

Mr. WEEKS. Undoubtedly. That is my understanding.

Mr. CUMMINS. Now, ordinarily one would think that the board would only have the authority to sell or charter or lease ships that it owned. That is not true. The board, in section 5, is authorized to acquire the possession of a ship either by purchase, construction, lease, or charter. Of course, in the two latter instances it would own only a qualified title; but if the board leases a ship from some owner, so far as this bill is concerned, it can re-lease the ship to an operator, and the ship would be entitled to admission to the coastwise traffic. There can be no doubt about that construction of this act.

Mr. WEEKS. Mr. President, I had assumed that the board would not lease or charter vessels, generally speaking, because these vessels are to be a part of our naval auxiliaries; and it did not seem to me that in any case the board would lease a boat having a foreign ownership for that purpose, and probably it would not lease vessels having a domestic ownership.

Mr. CUMMINS. Well, these words must be in the proposed statute for some purpose. If the board is given the power to lease or charter from an owner a ship, it must be that those who stand for the bill expect that in some instances the board will do that thing. Now, if the board does that thing, then it can lease or charter the ship to another corporation or person, a citizen of the United States, and the ship will be admitted to the coastwise business. That is inevitable under the language of the bill.

Mr. FLETCHER. Mr. President, I think the Senator makes the same error as did the other Senator in discussing that, because in section 7 it will be found that the board is given the power to "charter, lease, or sell to any person a citizen of the United States any vessel so purchased, constructed, or transferred," not "any vessel so chartered, leased, constructed, or transferred" but only those that are purchased, constructed, or transferred to it under section 6.

Mr. CUMMINS. Mr. President, if the Senator from Massa-chusetts will allow me to reply to that—

"or transferred" must necessarily apply to that transaction, because you have already used the words "purchased" and "constructed"; and if the words "or transferred" do not cover the case of a transfer by lease or charter, they have no application whatever.

Mr. FLETCHER. They have the application that follows necessarily from the preceding section, section 6:

That the President may transfer either permanently or for limited periods to the board such vessels belonging to the War or Navy Department.

That is what is meant by the use of the word "transferred" in section 7

Mr. CUMMINS. That may be the intent of the committe, but that would not be the construction of the act, in my opinion.

Mr. WEEKS. Mr. President, I think there is proper ground for criticism in the suggestion which the Senator from Iowa has made; but it is not likely that the Government will lease or charter vessels and then lease them or charter them to some one else. If it did not use them for its own purposes, it would naturally give up the charter or lease. I think, in the final result, it will be found that it is only the ships which are bought or built which will be put into the coastwise trade. However, any possibility of getting any of these ships into the coastwise trade is bad.

Government competition with the 24,000 vessels in the coast-wise trade of the United States would be sufficiently unjust even if it were conducted on equal conditions, or conditions as equal as they could be made when the collective national wealth and influence are invoked against the resources of individual citizens, firms, or corporations. But in the proposed bill the Government is definitely exempted from an important requirement of the national maritime law, which all American shipowners must obey unless, indeed, according to this bill, they are to be privileged to purchase or lease their vessels from the Government. From the beginnings of our national life, first in 1789 by heavily discriminating tonnage taxes, and afterwards, in 1817, by absolute prohibition, the American coastwise trade has been constantly reserved to American-built ships owned by American citizens. This proposed bill for the first time breaks down the policy of Washington and his colleagues and successors in these words in section 9:

Provided, That foreign-built vessels admitted to American registry or enrollment and license under this act; and vessels owned, chartered, or leased by any corporation in which the United States is a stock-holder, and vessels sold, leased, or chartered to any person a citizen of the United States, as provided in this act, may engage in the coast-wise trade of the United States.

Already, by a provision in the emergency shipping act of August 18, 1914, foreign-built ships may be admitted free to American registry for the over-seas trade of the United States. This proposed bill, admitting foreign-built vessels free to American enrollment and license for the coastwise trade if owned by the Government or leased, chartered, or sold by the Government, breaks down the century-old policy of protection to American shipyards and establishes, in effect, a policy of absolute free trade. For it must be manifest that the fact that the Government is allowed to use foreign-built ships in the coastwise trade, and the further fact that it is authorized to lease or charter or sell foreign-built ships to private shipowners for employment in the same trade, will create at once a condition so unequal that shipowners now employing American-built ships will be constrained to apply to the Government to secure foreign-built vessels for them also; so that eventually American shipyards will face the prospect of being reduced to the production of tugs, barges, lighters, and small local craft, which can not be safely brought across the ocean.

The tariff duties, even under a policy of tariff for revenue only, like the present one, give some measure of protection to almost all forms of American manufacturing and to many branches of American agriculture. Tools, cutlery, clothing, rice, sugar, Angora-goat hair can not be brought into this country on a free-trade basis; but the proposed bill would provide, in effect, for absolute free trade in completed ships, which are the greatest, most costly, and most elaborate manufactured product in existence, the product which employs more labor and a larger number

of different occupations than any other.

Absolute free trade in ships is not only bitterly unjust to the American capital engaged in shipbuilding, but is a direct menace to the national defense. The prime purpose of Washington and the other fathers of the Government in reserving the whole coastwise commerce of the new Nation to American ships built in American shipyards was to insure forever the existence in this country of a sufficient number of yards and a sufficient body of skilled mechanics to create and maintain an adequate Navy in case of a foreign war. A few Government shipyards were

at the same time established, but the fathers of the Nation recognized a fact that is just as true to-day, that exactly as it has been the national policy to reinforce the Regular Army in every war by a great body of volunteers, so in the same crisis the Government shipbuilding resources must be strengthened by the very much greater facilities of commercial shipbuilding.

As Thomas Jefferson, then Secretary of State in the Cabinet

of President Washington, put the case, in 1794:

To force shipbuliding is to establish shippards; is to form magazines; to multiply useful hands; to produce artists and workmen of every kind who may be found at once for the peaceful speculations of commerce and for the terrible wants of war. \* \* \* For a nayigating people to purchase its marine afloat would be a strange speculation, as the marine would always be dependent on the merchants furnishing them. Placing, as a reserve, with a foreign nation or in a foreign shippard, the carpenters, blacksmiths, calkers, sailmakers, and the vessels of a nation, would be a singular commercial combination. We must, therefore, build them for ourselves.

What Jefferson then said of carpenters, calkers, sailmakers, and so forth, in those days of wood and canvas, is equally true to-day of riveters and machinists in these days of steel and steam. There is no change in this fundamental principle of statesmanship. American shippards by the score, American shippard workmen by the thousands and the tens of thousands, are as indispensable to the national defense to-day as they were in the Revolution and the second war with England.

This proposed bill, under the specious plea of allowing the Government to use its ships in any trade it may see fit, would undermine and destroy the American shipbuilding industry, and annihilate an essential element of national defense. While this present war lasts it may be true that the enhanced cost of materials abroad, the scarcity of workmen, and the absorption of commercial yards in the imperative duty of naval construction and repair work will keep foreign shipbuilding costs as high as our own. But all this will suddenly change when the war has ended. Material, such as steel plates and shapes, may cost as much in Europe and Japan after the war as they cost in the United States, for they cost as much before the war began. But in the wages of labor there will be again a substantial difference. All foreign yards with naval work reduced or suspended will be hungry for employment, and there is not the shadow of a doubt that even with all the increased

experience which American yards have gained during the war our yards will be underbid by their foreign competitors.

An American ocean ship before the war cost on the average 40 to 50 per cent more than a similar foreign ship, because of the higher wages-from 60 to 100 per cent higher in this country-and the advantage which some foreign yards enjoyed from direct bounties and other forms of national aid, and all foreign yards enjoyed from their relatively greater and more constant volume of production. Even assuming that on the conclusion of peace this former difference in cost will be reduced, it is certain to remain at approximately 25 or 30 per cent; and 25 per cent of the price of an average ocean ship of a capacity of 8,000 tons is \$100,000. It is so clear as to be undeniable that if the Government of the United States, as authorized by the proposed bill, can go to Great Britain or Germany or Japan and purchase there ten 8,000-ton ships for \$4,000,000 and place them in the American coastwise trade in competition with American shipowners who have paid \$5,000,-000 for 10 American-built ships of similar capacity the Government will inevitably drive these American-built ships of the ocean. The interest charge on the \$1,000,000 additional cost of the American-built fleet will be at least \$50,000 a year; the insurance charge \$30,000 more; the depreciation charge \$40,000; or a total handicap of \$120,000 a year on the private shipowners and American construction.

Under such conditions the private shipowners in order to

exist can do only one thing, and that is to go also to Great Britain or Germany or Japan for another fleet that would place

them on equal terms with the Government.

After a very few years of such a policy of free trade run mad there would not be a commercial shippard left in the United there would not be a commercial shippard left in the United States that could produce a large cruiser, to say nothing of a battleship. And it must be remembered that the commercial shippards of this country, far larger and more completely equipped than the few Government yards, and managed on business principles, have constructed all but 4 of the 37 battleships now possessed by the United States.

This proposed bill in continue of contents of the same production of the same pro

This proposed bill, in section 9, confers upon foreign nations, our rivals in trade and possible enemies in war, an almost immeasurable commercial and naval advantage, which would be the certain result of the adoption of a complete policy of free trade in shipbuilding. Some foreign Governments already give substantial sums of public money at the rate of so much per ton to encourage their native shipyards and to keep them ready in case of an emergency. Japan, for example, has such a policy, which, coupled with her low rate of wages, would enable her to construct American coastwise ships far below the cost at which they could possibly be produced by American workmen. This proposed bill means, in section 9, that American shipyards and the skilled and well-paid labor on the Pacific coast are to be brought into direct and merciless free-trade competition with the 50-cent per day bountied and subsidized shipyards of the Japanese Empire.

The bill, in section 5, authorizes the shipping board "to have constructed and equipped in American shipyards and navy yards or elsewhere, giving preference, other things being equal, to domestic yards," and so forth. What this obviously means is that if an American shipyard will build a given ship for \$400,000 and a Japanese or other foreign yard for \$400,000—that is, "other things being equal"—the American shipyard shall receive the contract from the Government. But if the American shipyard, because of its higher wage scale, must charge \$500,000 for a ship which can be built in Japan or elsewhere for \$400,000, it is manifest that other things are not equal, and that under any possible reading of the bill the shipping board will be constrained by the law to place the contract in Japan or Europe.

A bill of such momentous consequences to the commercial shipbuilding of this country, to the American merchant marine, and to the national defense, ought not to be forced to passage on the eve of a national election. It ought to be referred to the people of this country in the present campaign-let them decide for themselves whether (to recall Jefferson's graphic phrase) they wish to "place as a reserve with a foreign nation or in a foreign shipyard" the power to construct the ships for American commerce-which eventually means the power to construct

our ships of war.

Furthermore, Mr. President, even if we construct the ships which are provided for under this bill, it will be but a drop in the bucket compared with the total shipping of the world or our total shipping. The total shipping of the world aggregate 48,000,000 tons, and there can only be constructed under this provision about 500,000 tons. So it would not have any material effect in reducing the present cost of the ocean carrying trade, but it would add that amount of additional tonnage to the shipping of the world, to help make all shipping unprofitable at the end of the war, which is likely to occur in

An American merchant marine sufficiently large to relieve 60 per cent of our carrying trade from dependence on foreign ships would about put us in the position now held by England. To add to our capacity to that extent would require about twelve times as much shipping as we propose to construct or

can construct under the provisions of this bill.

At the beginning of the present war 4,000,000 tons of British shipping were engaged in shipping between foreign ports having no connection with those of Great Britain. The shipping of Great Britain at this time is enormously profitable, and a special tax is imposed of one-half of the profits in excess of the normal returns received, which means that not only British importers but all others who pay the freight on goods carried in British vessels contribute to England's war budget. In other words, of every dollar we pay British ships for freight or other transportation facilities 50 cents goes to the British Government to assist in carrying on the war.

That is another consideration which we may well give to legislation in favor of the real development of our merchant marine. If we had a merchant marine sufficiently great to carry the proportionate part of our commerce that the British marine carries of that of Great Britain, we could impose a tax which would be a material influence in affecting our revenues

under such circumstances.

Furthermore, as I discussed the other day, if tramp steamers are not common carriers, this will not affect at least threequarters of our shipping. Seventy per cent of the British steam shipping consists of tramp vessels. In 1915, 1,871,000 steam shipping consists of tramp vessels. In 1915, 1,871,000 tons of American shipping carried 14.3 per cent of our total foreign commerce. If we wish to carry 60 per cent of our foreign commerce, which would be the amount of the proportionate part carried by Great Britain, then we would have to build, as I have suggested, something like 6,000,000 tons of shipping.

This legislation should be limited to the establishment of a

permanent shipping board, which should investigate all matters relating to shipping and to the construction of naval and Army auxiliaries and then report to Congress its conclusions. The board should constitute a permanent advisory body, and should take over the functions now performed by the Bureau of Navigation and any other kindred work being done by other bureaus. Every question relating to this subject should come under the scope of the investigations made by the board, such as measures necessary to maintain our shipping upon an equitable competitive basis with that of other nations, the cost of construction sideration in an endeavor to show that under its terms no sub-

and operation of American ships, the rates of interest on shipping mortgages, insurance rates, such permanent lines of ocean carrying as should be undertaken, recommendations as to means of encouraging these undertakings by private capital, whether it is desirable to modify the act of 1891 relating to the carrying of mail so that additional service of the same character may be furnished, whether any features of the seamen's act should be modified or rescinded, whether the navigation laws of the United States should be changed in any way, and make recommendations of methods which will tend to bring about a reconstruction of our merchant marine.

It should report on and produce information as to-(a) Greater diversification of European export trade.

(b) Larger number of traffic-producing ports at which vessels may call in early stages of outbound and last stages of homeward voyages

(c) Profitable passenger traffic (including emigration).(d) Financial support by Governments to insure communication with colonies or distant strategic points.

The National Foreign Trade Council, in referring to this sub-

ject, gives the following as its opinion of what a truly national policy should do, and I agree entirely with its conclusions:

First. To increase the national income and domestic prosperity through greater facilities for the sale abroad of products of the soil and industry of the United States, the importation of materials indispensable to life and industry, and through the freights collected from world commerce.

Second. To maintain under the flag communication with distant pos-

sessions.

Third. To aid the national defense and maintain commerce during war, whether the United States be beligerent or neutral.

Mr. President, there is not any element of our population that is not interested in a suitable development of the merchant I undertake to say that the unusual, untried method proposed by this bill will hamper and restrict the development of a merchant marine rather than assist it. We have been drifting in this country into a policy which puts in a practical strait-jacket the business affairs which may be controlled by a commission or by other governmental agency. It is a wrong tendency. What we should do is to increase and develop the individual's ability to do for himself, and encourage him through the Government rather than restrict and hamper him. As long as we undertake to develop the merchant marine or to develop anything else along the lines proposed in this bill it is going to be a failure, and we are going to find ourselves in the case of the carrying trade and in all other industrial matters in the hands of our competitors instead of doing our own

# APPENDIX.

Statement showing the number and gross tonnage of American vessels by rig and documents on March 31, 1916.

Rig.		d vessels, trade.	licensed	ed and vessels, g trade.	Total		
	Number of vessels.	Gross tons.	Number of vessels.	Gross tons.	Number of vessels.	Gross tons.	
Sail. Steam. Gas. Canal boats. Barges.	597 619 627	409, 175 1, 531, 449 20, 421 133, 120	4, 952 6, 255 8, 541 560 3, 285	923, 728 4, 341, 346 146, 210 61, 994 889, 871	5,549 6,874 9,168 560 4,421	1, 332, 968 5, 872, 798 166, 631 61, 994 1, 022, 991	
Total	2,979	2,094,165	23, 593	6, 363, 149	26, 572	8, 457, 314	

Mr. BRANDEGEE. Mr. President, I wish to ask the Senator from Massachusetts if there is a provision in the bill as to what is to be done with these ships if the board is unable to lease them to private persons or corporations?

Mr. WEEKS. Then the Government is to operate the ships.

Mr. BRANDEGEE. Is the Senator able to turn to that provision in the bill?

Mr. WEEKS. I think I can find it. Possibly the Senator from Florida may have it before him.

Mr. BRANDEGEE. Is the Senator from Florida able to refer me to it?

Mr. FLETCHER. The power to operate is found in section 11. Only upon the conditions and terms and requirements as set forth in section 11 is there any power to operate.

Mr. BRANDEGEE. I thank the Senator.

[Mr. Gallinger resumed and concluded the speech begun by him on last Friday. The entire speech is as follows:]

Friday, August 11, 1916.

Mr. GALLINGER. Mr. President, at a later hour in the debate, probably to-morrow, I shall review the bill now under constantial help can possibly come toward the rehabilitation of the American merchant marine, and that it will be a reckless waste of public money and a humiliating failure in the end. I shall also point out the handicaps under which American ships are laboring in their competition with ships of the other great maritime nations of the world, and also the danger that lurks in the proposition to allow these Government-owned ships to enter the coastwise trade of the United States.

To-day it will be my purpose to hurriedly review the legislative attempts that have been made by the Republican Party during the past 11 years to secure legislation looking to the upbuilding of American over-seas shipping, and to point out the fact that all such attempted legislation has been made impossible by the solid opposition of the Democratic Party.

Mr. President, more than 11 years ago, on January 4, 1905, it was my duty and pleasure as chairman of the Merchant Marine Commission to present to the Senate the report of that commission, which had been authorized on the recommendation of the President of the United States in the act of April 28, 1904. There served with me on that commission of those now living and Members of this Chamber the senior Senator from Massaand Members of this Chamber the senior Senator from Massa-chusetts [Mr. Lodge], the senior Senator from Pennsylvania [Mr. Penrose], and the senior Senator from Virginia [Mr. Martín]. With us there served, too, the honored and lamented Senator Mallory, of Florida. On the part of the House there were Representative Grosvenor, of Ohio; Representative Minor, of Wisconsin; Representative Humphery, of Washington; Rep-resentative Spight, of Mississippi; and Representative McDer-mott, of New Jersey, of whom Representative Humphery now mott, of New Jersey, of whom Representative Humphrey now alone remains a Member of the House. The Senate members of the commission, with one exception, were all chosen from the Committee on Commerce, the House members from the Committee on the Merchant Marine and Fisheries. All of us were not unfamiliar with the work in hand, and all felt a deep interest in the subject of the inquiry. Between May 23 and November 19, 1904, the commission visited the principal ports of the Atlantic, the Great Lakes, the Pacific, and the Gulf of Mexico, hearing several hundred witnesses and receiving evidence which in the final report filled nearly 2,000 printed pages.

It was a laborious task, but it was performed with a deep sense of patriotic duty by all of the Senators and Representatives of the commission, and at the end we had the satisfaction of believing that it was the most thorough and elaborate study ever made on behalf of our Government into the question of the American merchant marine. Only one regret accompanied it. and that was that the conclusions and recommendations of the commission were not unanimous. It was our fervent hope from the beginning—the hope, I know, of the Senators from Virginia and from Florida, no less than of us on this side of the Chamber-that all personal and party differences might be forgotten, as, indeed, they were in the long and careful gathering of the testimony, and that there might be complete agreement as to the wisest solution of the great problem that had for more than half a century baffled all the efforts of American statesmanship.

Originally most of the members of the Merchant Marine Commission from both Houses were believers in a return to pref-erential duties, "the policy of the fathers," as the proper method of reviving our ocean carrying trade. That was our belief as the investigation started, and it received much powerful support from the practical shipowners and merchants who appeared before the commission on the Atlantic and Pacific coasts. Preferential duties then seemed to be distinctly favored by the major part of the maritime and mercantile communities of the United States. But as the hearings continued and were concluded in Washington during November and December, 1904, a majority of the commission was slowly and reluctantly forced to the conviction that under radically changed conditions the legislation of Washington, Adams, Jefferson, and Madison could not be revived, because of the vast growth of the tariff free list, the prohibitions of 30 or more commercial treaties, and the risk of reprisals from foreign Governments. Therefore, there was nothing for the majority to do but to recommend a cautious system of mail and general shipping subsidies or subventions, and this we did. Unfortunately the minority of the commission felt that it could not subscribe to general shipping subsidies, though no objection was offered to mail subventions, and there was, therefore, a divided report, the minority urging preferential duties.

#### BILLS OF THE MERCHANT MARINE COMMISSION.

The Senate adopted the majority report and passed the bill recommended on February 14, 1906, by a vote of 38 to 27. No action was taken by the House at that session, but at the next session the House amended the measure in some particulars and passed it on March 1, 1907, by a vote of 157 to 145. Many of the Senators will recall that on the question of concurrence

by the Senate in the House amendments a filibuster, directed by the late Senator Carmack, of Tennessee, prevented action in the closing hours of the Fifty-ninth Congress, and thereby defeated the effort of the majority to strengthen our ocean shipping and increase our naval reserve.

I will pause, Mr. President, to say that, in my opinion, had that bill become a law—and it would have become a law had it not been filibustered against in the closing hours of that session—we would have had no trouble during the years that have intervened in having an abundance of shipping between the United States and South America, as well as across the Pacific Ocean to the Orient and to Australasia. But it was defeated.

In the following, or Sixtieth, Congress, at the first session, I

reintroduced the bill "to amend the act of March 3, 1891, entitled 'An act to provide for ocean mail service between the United States and foreign ports and to promote commerce." In this form the proposal received very earnest and powerful support in arguments advanced on both sides of the Chamber, and on March 20, 1908, the Senate passed the bill without a roll call, and without any vote being recorded against it. On March 2, 1909, a motion in the House to suspend the rules and pass the bill was defeated by a very narrow margin—172 yeas to 175 nays. It will be observed that it required only 2 Democratic votes to pass the bill, but no Democratic votes were forthcoming. On May 22, 1908, an effort to have the ocean mail bill accepted in the House as an amendment to the Post Office appropriation bill, in which the Senate had placed it, was defeated 143 to 155, and on the following day defeated again, 145 to 153.

In the Sixty-first Congress, second session, I again introduced the ocean mail bill, and it passed the Senate February 2, 1911—the roll call showing 39 yeas to 39 nays, and the deciding vote being cast by the Vice President. This bill was not acted on in the House of Representatives.

In the Sixty-third Congress the bill was again introduced in substantially the same language as before, but received no consideration in the Democratic committee. In the present Congress I have introduced two bills, both of which, with slight variations, seek to aid the merchant marine by mail subventions, but they are lying unacted on in the committee.

I have recalled these events for the purpose of emphasizing to the Senate and the country that we on this side of the Chamber have not been unmindful of the national need of a great merchant marine, and that nothing but party and perhaps sectional differences have prevented us from long ago achieving it. On every occasion when the ocean mail bill was rejected in the House, it was by a very slender majority.

# FOREIGN "RESTRAINT" OF AMERICAN TRADE.

Much of this opposition to the encouragement of American ocean shipping, I regret to say, came from the splendid, great agricultural States of the Northwest, though there were Senators from that section whose loyal help I gladly acknowledge in the long struggle for some measure of relief for our merchant marine. The distinguished senior Senator from Minnesota [Mr. Nelson] will find strong confirmation of the wisdom of his own course on this question in a significant statement that has recently been published by the Federal Trade Com-mission. "Many business men," the commission says, "em-phasize the handicap resulting from the lack of American A northwestern milling company declares:

Snips. A northwestern infilling company declares:

We are particularly interested in securing protection for the American manufacturer or shipper against restraint of foreign trade resulting from difficulties and handicaps imposed by foreign-owned steamship lines. We realize more every day that the American manufacturer or shipper is entirely at the mercy and in the hands of foreign-owned steamship lines.

Foreign-owned steamship lines are receiving in return for hauling wheat and wheat products from American seaports to European seaports at least 50, if not 75, per cent of the total value of American wheat and products that are being exported to Europe. We are in position to substantiate our statements with specific and dependable data in our possession.

Mr. President, those Senators who through these many years have steadfastly contended for the application to our ocean shipping industry of the principle of adequate protection and encouragement that has wrought such wonderful results as applied to agriculture and to manufacturing must decline to be held responsible for the present condition of the overseas carrying trade of the United States—the only great national industry exposed to foreign competition that has been forced to go on year after year unprotected by the Nation which it serves. In my judgment, Mr. President, there can be no more impressive object lesson of the essential truth of the protective system than the vivid contrast between this one unprotected industry and the great tariff-protected domestic industries of America. Yet the natural skill and aptitude of Americans who live on and by the sea have always been unsurpassed in their bold and arduous calling.

As shipbuilders, shipowners, and sailors, men of our race were leading the world when agriculture was still a rude art and manufactures were in the infancy of their development. Whenever to-day, as in the great coastwise trade, the Panama trade, and on the West India mail lines, American ships are given a fair opportunity, they are splendidly upholding the traditions of their Nation and the glory of their flag. Our American Navy, its noble ships, officers, and men are in their way only what an American over-seas merchant fleet would be if the Congress of the United States had not failed or refused for 60 years to take the necessary measures to create one.

## OTHER AND FUTILE EXPEDIENTS.

Since my own efforts were rendered unsuccessful by party or sectional opposition, I have watched with keen interest the various experiments undertaken on the other side. Three years ago a clause was inserted in the new tariff law ostensibly reviving the successful policy of 1789 and granting a rebate of 5 per cent of the customs duties on goods imported in American ships. This clause was due to the earnest advocacy of the accomplished former chairman of the Committee on Ways and Means of the House of Representatives, since so cordially wel-comed to this Chamber, the junior Senator from Alabama [Mr. Underwood]. His devotion to the upbuilding of our merchant marine, I doubt not, is as wholehearted and persevering as that of any Senator on this or the other side, and it would have been cause for profound gratification to us all if the preferential-duty policy of the tariff law of 1913 could have received a fair test in actual operation. But it has been suspended by the Treasury Department because of supposed conflict with the terms of important treaties with foreign Governments and is now before the Supreme Court for a final test of its validity. This experience is not encouraging as to the practicability of a renewal of the preferential-duty plan, but is rather a confirmation of the doubts and objections of a majority of the merchant marine commission, so earnestly expressed in their report of a decade ago.

#### THE "FREE SHIP" EXPERIMENT.

Another expedient not favored by the majority and not recommended by the minority of that commission has been actually tested under conditions made extraordinarily favorable by the great European war. This is the "free ship" policy embodied in the emergency free registry law of August 18, 1914. A previous trial of that policy, provided for in the Panama Canal act of August 24, 1912, had proved a complete failure. The Panama Canal act of August 24, 1912, had proved a complete failure. ama Canal act, reversing a national policy of a hundred years, had opened American registry for purposes of over-seas com-merce to all foreign-built vessels owned by American citizens merce to all foreign-built vessels owned by American citizens or corporations, the conditions being that these ships should be fit to carry dry and perishable cargo and should be not more than five years old. In the face of this invitation, two years had gone by and not one foreign-built ship had sought the American flag. No experiment could have proved more disappointing to its advocates.

But the war-emergency act of August 18, 1914, opened the doors wider still by eliminating the 5-year age limit and the requirement of fitness to carry dry and perishable cargo, and offered American registry for the over-seas trade to foreignbuilt ships of any description if owned by American citizens or corporations. Moreover, the new act authorized the President to exempt these foreign-built ships from our survey, measure-ment, and inspection laws, and to exempt them also from employing American citizens as officers. An Executive order promptly gave these foreign-built ships the indicated advantages over American steamers of native construction and previous

Whether this wider free-ship law would have had any more effect under normal conditions in time of peace can never be determined, for it found most of the world at war and an extraordinary value vesting in the protection of the flag of the most powerful of neutral Governments. Several German ships, owned by the Standard Oil and other American concerns, were promptly naturalized in order to escape the swarming cruisers of the British navy, and many British ships also owned by American capital were hurried under the Stars and Stripes to escape the Emden and her consorts. The shelter of our flag and the more favorable marine insurance rates constituted a generous subsidy for the time being to these fortunate ship-Nearly all of the vessels thus brought into American registry were American owned before the war began and were being operated under foreign flags to secure the advantages of lower wages of foreign officers and crews, less exacting laws and regulations, and lower cost of maintenance.

"FREE SHIPS" A FAILURE. For a few months foreign-built ships came in rapidly, the principal fleets being those of the Standard Oil Co., the United

Fruit Co., and the United States Steel Corporation. These were welcome and important accessions to the American flag. of these vessels-the newer and more efficient craft-could have been naturalized under the law of 1912, but their owners did not act until the war had offered a powerful inducement. If ever a free-ship policy were to be effective it would be under the extraordinary conditions of this great world war. Yet after a few months there came a significant halt in the seeking of American registry. Fewer and fewer foreign-built vessels applied for the American flag. This was noticeable even before the present seamen's law received the approval of the President, on March 4, 1915. Up to that time it had been believed that the seamen's bill would fail of enactment, and it was not being actively taken into the calculations of shipowners. may be added that even now the seamen's law bears less heavily on foreign-built than on American-built ships, for by Executive order foreign-built vessels admitted to American registry under the act of August 18, 1914, have been exempted from its most onerous provisions. Therefore it is not possible to seek in the seamen's law an explanation of the virtual failure of the freeship experiment, though undertaken in time of war when all circumstances were most propitious for its success.

#### ACKNOWLEDGMENT OF SECRETARY M'ADOO.

The Secretary of the Treasury, Hon. William G. McAdoo, in an address before the Chamber of Commerce of the United States February 4, 1915, declared without contradiction: "What effect has the ship registry bill had on our commerce? Nothing; literally nothing." This is true in the sense that though the law has added more than 600,000 tons to American shipping registered for foreign commerce, nearly all of these vessels were American-owned and employed in American trade beforehand. There were confident predictions by the advocates of free ships before the law was passed that it would add millions of tons of foreign shipping to the American fleet. The actual meager results are undeniably a great and bitter disappointment, and from day to day our actual experience under the free-ship law has become more and more unsatisfactory. In the present fiscal year few foreign-built vessels have sought American registry, and unfortunately the right of some of these to fly the American flag has been disputed by the British Government. In one month lately only three foreign-built vessels were naturalized, and one of these was a small pleasure yacht. All the chief maritime Governments have now forbidden the sale of merchant ships in this war emergency, and the registration of foreign-built vessels has practically ceased in consequence. But it was ceasing even before this prohibition was imposed.

#### WAGES HIGHER ON "FREE SHIPS."

I believe that it must be manifest even to the most ardent champion of a free-ship policy that that policy itself is never going to create an adequate mercantile marine. Experience has demonstrated the truth of the contention of this side of the Chamber year after year that a free-ship policy at its best would only equalize construction costs, and would fail of full effect because it did not equalize the equally important cost of wages and of maintenance. In the winter of 1914-1915, when the former ship-purchase bill was under discussion, I took occasion to address inquiries to the chief shipowners of the country who had brought foreign-built ships into American registry whether there had been any increase in the cost of operation under the American flag. Without an exception these gentlemen replied that there had been a very considerable advance in the rates of wages and the cost of maintenance. I caused some of these answers to be published as a part of my remarks in the Congressional Record of February 7, 1915, and February 26, 1915, and because of their direct bearing on the question now before us I wish to commend them again to the serious attention of the Senate. First is a letter from the Standard Oil Co., which, as the Senate knows, is operating a large fleet of tank steamers under American and foreign colors:

STANDARD OIL CO., New York, February 16, 1915.

The Hon. J. H. Gallinger, New York, February 16, 1915.

United States Senate, Washington, D. C.

Sir: In reply to your letter of February 10, we would answer your inquiries as follows:

1. The foreign ships we have transferred to the American flag have been confined to vessels formerly operated under the German flag. In these transfers we have followed the practice of substituting Americans for the German officers, engineers, and crews. This has made it necessary to pay the American scale of wages on these vessels. Below we give you a comparison of the wages paid on the same steamer under each flag:

Increase under American flag\_\_\_\_\_ 828, 90

So that the wages under the American flag show an increase of \$8.55 per cent.

2. It is difficult to make a categorical answer to this question. Our reply will have to be more or less general. The standard of living on steamers under the American flag is quite different from foreign flags, resulting in increased expense. It is also difficult to obtain and retain experienced men for American ships, and this is another item that contributes to increased cost by frequent replacement of men at out-of-the-way ports. We have also found that in the case of petty officers, sailors, and firemen the same men sailing under the American flag demand and receive much higher wages than they are willing to accept under foreign flags. Another increased item under the American flag is brought about by the fact that the American measurement laws result in a larger measurement for the steamer than under foreign registry. This particular item is in suspense at the moment, but when again put into force will result in the steamer paying higher port charges, a good portion of which will be paid to foreigners, as they will be subject to tonnage dues in foreign ports based on the American registry. registry.
Respectfully,

D. T. WARDEN.

#### HIGHER WAGES IN WEST INDIES TRADE.

Another significant statement is that of the Munson Steamship Line, a well-known American concern operating both passenger and cargo steamers from New York and southern ports to the West Indies:

MUNSON STEAMSHIP LINE, New York, February 11, 1915.

Mr. J. H. Gallinger,
Chairman Conference of the Minority,
United States Senate, Washington, D. C.
Sir: We have the honor of replying to your esteemed favor of the 10th instant.

1. There is a ve.y decided increase in the wages of officers and crews on foreign-built ships which are admitted to American registry, and in cases where the crews of such ships have been signed on abroad for a period of 12 months, immediately the registry is changed the crews either demand the American scale of wages or their discharge and transportation to their home port.

2. Beyond the increase of wages the operations of loading and discharging, port charges, etc., are practically the same on a foreign as on an American ship.

Very respectfully, yours,

MUNSON STEAMSHIP LINE.

MUNSON STEAMSHIP LINE, A. H. BROMELL, Vice President.

#### FOREIGN CREWS AND AMERICAN PAY,

Another important shipping house of New York is that of W. R. Grace & Co., which for many years has been engaged in trade between New York and the west coast of South America, and later entered the Panama Canal coast-to-coast trade between New York and San Francisco. The firm of W. R. Grace & Co. used to employ entirely foreign ships, but under the free registry law of August 18, 1914, has secured American registry for some of its British steamers. The firm has also constructed a number of steamers in American yards, particularly for the Panama Canal coastwise service:

W. R. GRACE & Co., New York, February 13, 1915.

Hon. J. H. Gallinger,
United States Senate, Washington, D. C.
Sir: We have your letter of February 10 in reference to foreign steamers transferred to American flag.
We have been operating American and British steamers side by side for some years, and we estimate difference in cost of operation to be as follows:

	American, per month.	British, per month.
Wages Victualing (American steamers have larger net tonnage measurement than British and, as tonnage and light dues are paid on net	\$1,970 803	\$1,342 649
register, that is against the American boat.) As dues vary in the different ports of the world, the difference in money is difficult to state, but may be estimated at (This tonnage item will not go into effect on foreign steam- ers transferred to American flag until Aug. 18, 1916, by reason of President's proclamation.)	35	Hall S
American steamers require annual inspection, while British steamers are inspected each four years; estimated extra cost by reason of annual inspection.	25	
Total	2,833	1,991

Or, say, \$842 per month extra for American boat.

The extra cost of victualing is not by statute, but by reason of less economy on American steamers.

On British steamers which we recently transferred to American flag the foreign crews struck for American wages the day of transfer, and received them. As soon as foreign crews are replaced by Americans we will have the increased cost of victualing.

We trust this gives you the information which you desire.

Yours, very truly,

W. R. GRACE & CO.

W. R. GRACE & Co., N. BOWIE, Vice President.

STATEMENT OF THE STEEL CORPORATION.

For the great export trade of the United States Steel Corporation conducted by the United States Steel Products Co., regular steamship services have been maintained to South America and elsewhere. The United States Steel Corporation was one of the concerns that early in the war for the first time placed foreign-built ships under the American flag, and following is the result of its experience:

UNITED STATES STEEL PRODUCTS Co., 30 Church Street, New York, N. Y., February 24, 1915.

Journal of the foreign street, New York, N. Y., February 24, 1915.

United States Senate, Washington, D. C.

Dear Sir: Your letter of the 10th instant, addressed to Mr. J. A. Farrell, president United States Steel Corporation, has been referred to us for attention, as this company is the subsidiary of the corporation which owns the foreign-built steamers recently transferred to the American flag. The present and former scale of wages on our steamers and the percentage of increase is shown in the following statement:

Wages of captains under American scale vary according to seniority.

Wages of other officers and the engineers are fixed, being same on all steamers.

				American.							
Crew.		rst ar.		ond ar.	Third year.	Av	erag	çe.	United States cur- reacy.	Average,	In- crease.
	£ 25	8.	£	ε.	£	£	8.	d.			Per ct.
Captain		0				25	0		£121.66	(1)	35.6
Chief officer	14	0	15	0	16	15	0	0	73.00	\$90.00	23.3
Second officer	10	10	11	0	12	11	3	4	54.34	70,00	28.8
Third officer	9	0				9	0	0	43.80	60.00	37.0
Chief engineer First assistant en-	20	0	21	0	22	21	0	0	102, 20	150.00	46.8
gineer Second assistant en-	14	0	15	0	16	15	0	0	73.00	100.00	37.0
gineer Third assistant en-	10	10	11	0	12	11	3	4	54.34	90.00	65.
gineer	8	0	8	10	9	8	10	0	41.36	80.00	93.

1\$150-\$180 average \$165.

Safe-navigation money to captains \$300 per year, payable annually January 1, on showing a clean record for the previous 12 months.

The wages of the following members of the crew vary on the different steamers, depending upon the supply available and the port at which signed on. The steamship San Francisco is quoted as an example:

	Bi	itish.			
Crew.	Rate.	United States currency.	American.	Increase,	
Chief steward	£ s 8 0 4 0 3 0 5 0 0 5 10 6 10 6 10 6 10 6 10	\$38.93 19.47 14.60 34.07 24.33 34.07 31.63 36.76 26.76 29.20	\$55, 00 25, 00 22, 00 40, 00 25, 00 40, 00 35, 00 38, 00 32, 00 35, 09 35, 09	Per cent. 41.2 28.4 50.7 17.4 2.8 17.4 10.7 4.6 19.6 19.8	

Owing to the unsettled conditions which have prevailed throughout the world since the outbreak of the present war in Europe, the in-creased cost of operation in the other departments can not be fairly stated, as we have no basis upon which to make a definite comparison. Yours, very truly,

United States Steel Products Co., John Hughes, General Agent.

FURTHER STATEMENT OF THE STEEL CORPORATION.

I have also another later and very interesting letter on this same subject:

UNITED STATES STEEL PRODUCTS Co., 30 Church Street, New York, October 6, 1915.

Hon. J. H. Gallinger,
United States Senate, Washington, D. C.
Dear Sir: Cost of operating foreign-built vessels transferred to

American flag:
Your letter of September 10 on this subject, addressed to Mr. James A. Farrell, president United States Steel Corporation, was referred to this company for attention, with respect to the foreign-built steamers owned by this company and transferred to American registry under the act of August 18, 1914.

The cost of operating our steamers, with respect to wages and victualing, under British and American registry is shown by the following statement:

Wages of captains under American scale vary according to seniority. Wages of other officers and the engineers are fixed, being the same

	British scale.				American scale.				
Crew.	Ave	rag	e.	United States cur- rency.	Immediately after transfer.	In- crease.	Present.	In- crease.	
Captain Chief officer Second officer Third officer Chief engineer First assistant engineer. Second assistant engineer. Third assistant engineer. Chief steward. Second steward. Messroom steward. Chief cook. Second cook. Carpenter. Boatswain. Sailors. Firemen. Oilers.	£ 25 15 11 9 21 15 11 8 8 4 3 7 5 7 6 5 5 6	8. 0 0 3 0 0 0 0 0 0 0 0 0 0 0 10 10 10 0	d. 0 0 4 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$121.66 73.00 54.34 43.80 102.20 73.00 54.34 41.36 38.93 19.47 14.60 34.07 34.07 31.63 35.76 26.76	\$150-180 1 165 90 70 60 150 100 90 80 55 25 22 40 25 40 35 28 32 33	Per ct.  35.6 23.3 28.8 37.0 46.8 37.0 65.6 93.4 41.2 28.4 50.7 17.4 2.8 17.4 10.7 4.6 19.6	\$175-205 1 190 100 80 70 150 100 90 80 55 25 25 45 40 30 30 35	Per ct.  56. 2 87. 0 47. 2 59. 9 46. 8 37. 0 65. 6 93. 4 41. 2 28. 4 71. 2 32. 1 28. 8 32. 1 30. 8	

1Average.

The wages of the crew in the several departments vary on different steamers, depending upon the supply available and the port at which signed on.

This company operates nine steamers, transferred from British to American registry, namely, steamships Bantu, Kentra, Santa Rosalia, Buenaventura, San Francisco, Howick Hall, Craster Hall, Crofton Hall, and Charlton Hall. The total numbers of the crews of these vessels and their total monthly wages under British and American registry are shown in the following statement:

	Nine steam abo		
	Total crew.	Total monthly wages.	
American registry	393 373	\$17,537 12,478	
Increase	20	5,059	
Percentage of increase	5.36	40, 54	

There has been an average increase of 19 per cent in the cost of victualing our steamers during the past year.

Yours, very truly,

UNITED STATES STEEL PRODUCTS Co., JOHN HUGHES, General Agent.

NOT THE RESULT OF NAVIGATION LAWS.

It should be carefully noted by the Senators that the navigation laws and requirements, or their most onerous provisions, were considerably lifted from these foreign-built ships by the action of the President, who, in pursuance of the act of August 18, 1914, relieved them from the requirement that their officers should be American citizens and exempted them further from our survey, measurement, and inspection laws. Thus these foreign-built steamers have been enabled to come under the American flag with foreign officers and crews throughout. They have been privileged to hoist the Stars and Stripes, though not a man aboard in any capacity was an American citizen. It appears that the Standard Oil Co., for reasons of manifest prudence, replaced German officers with Americans, but it is probable that in most other instances officers and crews have remained unchanged, of foreign nationality. Yet these foreign officers and crews of the newly naturalized steamers have demanded the full American wage scale and the food habitually provided for American officers and seamen. This has had the result in the case of 9 steamers of the United States Steel Corporation, of increasing the total monthly wages from \$12,478, under the British flag, to \$17,537 under the American flag, while there has been an average advance of 19 per cent in the cost of victualing these steamers.

#### A PREDICTION FULLY CONFIRMED.

I wish to invite the Senate to give most careful attention to these profoundly significant facts. It has been asserted year after year in this Chamber, with apparent sincerity by those Senators who opposed even mail subsidies to American shipping that all that was necessary was to pass a free-ship law and to amend or repeal our navigation laws and requirements.

This has now been done by act of Congress and order of the President. American shipowners under our present of the President. American snipowners under our present legislation are enabled to buy foreign-built ships and bring them freely under the American flag for purposes of foreign trade, with foreign officers and crews, and without compliance with our survey, inspection, and measurement laws and regulations. And yet the demonstrated facts are that the wages paid to foreign officers and crews on these naturalized foreign-built ships are exactly the same as they are on American-built, American-manned vessels, that the cost of food is the same and that the problems of the merchant marine, except that first cost of construction has been equalized, remains exactly the same as it was before the free-ship law of 1914 was enacted.

Mr. President, I am not at all surprised at this result. exactly what was predicted by those Senators on this side who have constantly urged that subsidy or some equivalent encouragement was absolutely necessary to the restoration of our mercantile marine. What has occurred has been precisely what was outlined by practical shipping men a decade ago, at the hearings throughout the country before the Merchant Marine Commission. It was pointed out then as the universal experience that whenever a foreign-built vessel had by special act of Congress been brought beneath the American flag, the wages of its officers and seamen automatically rose to the level of wages on American-built ships, and that the cost of maintenance rose

in proportion.

Nor is there anything unexpected or surprising in this circumstance. There is not and never has been any requirement of law that none but American citizens shall be employed in the iron and steel mills or cotton mills or woolen mills or other great industrial establishments in America. The doors of these great workshops are open to foreigners equally with Americans. And yet, as we all know, the experienced and capable foreign workman who lands on our shores and enters these mills and factories does not labor for the wages that had contented him at home, but expects and receives the established wage of American citizens doing the same kind of work with the same kind of machinery. What is now happening on the sea is simply what has always happened on the land. You have foreign-built ships, foreign officers, and foreign sailors under the American flag, but you are paying these foreign officers and sailors the same wages given to Americans. The free-ship experiment has equalized the first cost of ships, but it has not solved the problem of the American merchant marine. The difference in the cost of operating ships, due to a difference in wages, food, and standards of living, remains exactly what it was before the free-ship experiment was tried-and on regular lines and established routes there is the further handicap of foreign subsidies. Secretary McAdoo is right in authoritatively pronouncing the free-ship experiment a failure—an official acknowledgment from the administration directly responsible

THE DIFFERENCE OF WAGE COST.

Let us return to this vital question of the difference in wages on American and foreign ships—the very heart of the question of American shipping. I will submit to the Senate an important comparison of wages paid to the crews of a typical American and a typical British cargo steamer, each of a capacity of about 5,000 tons dead-weight:

Comparative wages, 1914, on American and British cargo steamers of a

Cupacit	y of we	10 10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
AMERICAN.		BRITISH.	
Wag	es per onth.		Wages per month.
Master First officer Second officer Carpenter Doatswain Quartermasters, 2 Sailors, 5 Chief engineer First assistant engineer Second assistant engineer Third assistant engineer Third assistant engineer Ollers, 3 Donkey men, 2 Firemen, 4 Coal passers, 2 Steward Cook Messman Cabin boy	\$175 90 70 60 40 35 35 30 150 90 80 40 40 35 35 30 100 90 80 60 40 20 20 20	Master First officer Second officer Third officer Carpenter Boatswain Quartermaster Sailors, 9 Chief engineer First assistant engineer Second assistant engineer Third assistant engineer Oilers, 3 Donkey man, 1 Firemen, 6 Coal passer Steward Cook Messman Cabin boy	63, 18 43, 74 31, 59 29, 16 24, 30 97, 20 68, 04 48, 60 31, 59 29, 16 38, 88 34, 02 15, 00
And the second second second			

Total American pay roll, per month\_\_\_ 1,655 Total American crew, 32 men. Total British pay roll, per month\_ Total British crew, 27 men. It will be observed with some interest that the crew of the

American steamer consists, all told, of 32 men as against a British crew of 27. This increased number on the American ship is due substantially to the requirements of our Steamboat-Inspection Service that there shall be a third officer, a third engineer, and three oilers, not carried by the British ship. But even if the number of the two crews were equal, the total pay roll of the American steamer would be approximately 50 per cent greater than the pay roll of the British steamer—the same kind of a vessel, of the same capacity, adapted to the same general trades.

Or to take another comparison, that of somewhat larger cargo ships of a type particularly valuable in modern commerce:

Comparative wages, 1914, on American and British cargo steamers of a capacity of about 8,000 tons.

Britisl	h cargo steamer Ninian (6, 4,068 net tons, length 400	385 gross feet).		rican cargo steamer Hawai ss tons, 3,651 net tons, le t).	
Num- ber of men.		Wages per month.	Num- ber of men.		Wages per month.
25/11/4	DECK DEPARTMENT.			DECK DEPARTMENT.	
1 1 1 1 1	Master	\$97.40 68.18 48.70 43.83	1 1 1 1	Master Chief officer Second officer Third officer	\$200.00 100.00 80.00 70.00
	Avail nameling mans	258.11	1	1 = 11 2 1 2 4 5 4 5 1 5	450.00
1 1 4 6 1 2	Carpenter. Boatswain. Quartermasters. Sallors. Lamp trimmer. Boys.	36. 53 31. 66 102. 27 146. 10 26. 79 24. 35	1 1 4 6	Carpenter	40.00 35.00 140.00 180.00
19		367.70	16		395.00
Hall A	ENGINE AND FIRE ROOM DEPARTMENT,	PART A	786	ENGINE AND FIRE ROOM DEPARTMENT.	
1 1 1 1	Chief engineer Second engineer Third engineer Fourth engineer	94. 96 68. 18 53. 57 43. 83	1 1 1 1	Chief engineer. First assistant engineer. Second assistant engineer Third assistant engineer.	165.00 110.00 100.00 80.00
(BESH)		260. 54	Hall	Turkerlighte	455.00
1 3 12	Donkeyman	34.09 94.96 321.42	3 3 6 6	Oilers	135.00 135.00 240.00 180.00
20		450.47	22		690.00
ABRICA STATE	STEWARD'S DEPARTMENT.			STEWARD'S DEPARTMENT.	T Call
1 1 2 1	Chief steward	36. 53 19. 48 58. 44 14. 61	1 1 1 1 1 1	Chief steward Cook Second cook Messman Cabin boy Mess boy	65. 00 50. 00 40. 00 30. 00 20. 00 15. 00
5		129.09	6		220.00
44	Total	1, 465. 88	44	Total	2, 210. 00

In this other comparison we find a strikingly similar difference, the pay roll of the 44 officers and men on the American ship being approximately 50 per cent greater than the pay roll of the 44 officers and men of the British steamer. The real question of the American merchant marine, so far as ordinary cargo steamers is concerned, is a question of how the Government of the United States is going to equalize this wage difference, which prevails without any reference to our navigation laws and regulations and without any regard to whether the officers and men of the American ship are Americans or foreigners.

PROVISIONS OF PROPOSED BILL.

In an effort to equalize this difference so that American ships may have a fair and even chance in competition for the carrying of American commerce, I have introduced a bill "To encourage American shipbuilding and navigation, to establish American ocean mail lines, to increase the naval reserve, and to promote the commerce of the United States." This bill provides in brief for the payment to American vessels certified by the Secretary of the Navy as fit for auxiliary service of a compensation, retainer, or subsidy at the rate of 1 cent per gross registered ton for every 100 miles of the outward voyage, on condition that such vessels shall convey the United States mails free of charge, shall carry American boys to be trained in seamanship or engineering, and shall be placed at the disposal of the Government whenever required. The bill also provides for an amendment to the ocean mail law of 1891, increasing the compensation, which many years of experience has proved

to be inadequate, for steamers of the second and third class on routes to South America south of the Equator, the Philippines, Japan, China, and Australasia, and offering a new rate not to exceed \$10 a mile to ships of the highest speed on routes to Europe.

The compensation of 1 cent per gross registered ton for each 100 miles of the outward voyage is intended for cargo vessels not under mail contract with the United States, and is calculated to increase the number of useful freighting ships of the customary commercial speed, while the amendment to the ocean mail bill seeks to encourage the employment of swifter steamers on regular routes where the interests of trade demand a fixed-schedule service. Ships of both classes are requisite to a well-balanced merchant marine. By the terms of existing law vessels receiving one form of compensation can not receive the other.

Nothing can be clearer and more undeniable than that cargo ships under the American flag can not under normal conditions compete with foreign ships manned and maintained on a lower wage scale without substantial aid from some source. The distinguished Secretary of the Treasury, Mr. McAdoo, officially acknowledges this truth in his proposal for Government ownership and control of merchant shipping. There is no dispute about the fundamental facts; the only question is, How shall this essential aid be best administered?

I believe that the plan proposed in the bill which I have introduced—a plan originated some years ago by the eminent Senator from Maine, Hon. William P. Frye, who devoted the best years of his public life to a profound study of American shipping-offers the best solution of the problem, the most straightforward, economical, and effective. The number of miles traversed by a ship of given size in our export trade most accurately measures the value of the commercial service which she is performing for the American people. If in addition to delivering American goods the ship in design and construction is capable of rendering further service as an auxiliary to the fighting fleet in war, she has a double claim upon the favorable consideration of the nation whose flag she bears. There is one way, and one way only, in which we can secure these valuable ocean ships in the numbers essential to the promotion of the commerce and the maintenance of the national defense, and that is by equalizing the conditions of competition between American ships and foreign ships-between American and foreign seamen.

This the proposed bill does through the compensation offered to cargo ships and mail ships in return for fitness and readiness to respond to the call of the Nation in time of need. To deny that the United States has the right or the power to pay such compensation as this—such subsidy, if you will—is to deny to the United States the right or power of self-defense.

A CASE IN POINT.

The rate of compensation for cargo vessels of ordinary commercial speed proposed in the bill which I have introduced is, as I have stated, I cent per gross registered ton for each 100 miles covered in the outward voyage from a port of the United States to the foreign port or ports of destination. Let us apply this rate to the actual case of the steamer of 5,000 tons carrying capacity—a typical freighter of moderate tonnage, of which there are hundreds now operating on all the seas of the world. More steamers of about 5,000 tons carrying capacity are probably to-day employed in the over-seas carrying trade than of any other class or capacity. The American-built steamer *Pleiades* is a ship of this description. With 5,000 tons carrying capacity her gross registered tonnage, according to the Bureau of Navigation, is 3,753. It is the estimate of the bureau that a cargo steamer of this kind, of a speed of 10 knots an hour, will cover about 42,000 miles outward and inward in a year of ordinary service, which would be equivalent, in round numbers, to a total mileage outward of 21,000.

At the rate of 1 cent per gross registered ton for every 100 miles sailed on the outward voyage such a steamship would receive in compensation under the proposed bill the sum of

\$7,881.30 a year, or \$656.77 a month.

Now, it happens that the difference in wages, according to the comparative table already presented, between the American cargo steamer of 5,000 tons carrying capacity and the typical British cargo steamer of the same tonnage is \$660.34 a month, or \$7,924.08 a year, which corresponds very closely with the compensation proposed in the bill for the American steamer, based on her fitness and readiness for the naval-auxiliary service of the United States in war.

If a still larger steamer were selected for the purpose of comparison, it is possible that the compensation provided might be somewhat more than the difference in wages instead of a few dollars less, as in the case of the steamer of 5,000 tons capacity. I do not profess that the rate proposed will fit with exactness

the case of every American ship in over-sens trade, but I do believe that the rate is as close an approximation as can be secured to the average difference in the wage cost between American and the better class of foreign-cargo steamers run at the average commercial speed.

#### TRANSATLANTIC MAIL SERVICE.

Now, a word in regard to the ocean mail lines. The existing ocean mail law of March 3, 1891, has received a great deal of consideration in this Chamber in the past 8 or 10 years in connection with efforts to amend it and increase the proffered rates of compensation on routes to South America and elsewhere, where no fast, regular lines of American steamers have been established. The law of 1891 has saved the American merchant marine from almost absolute destruction in the foreign trade of the United States. It is to this legislation that the American people owe the existence not only of several West India lines but of the one American line of mail, passenger, and freight steamers to Europe—the St. Louis, St. Paul, New York, and Philadelphia, running weekly from New York to Great Britain. This line has proved to be of inestimable value to the United States during the present war. While fast German liners have wholly disappeared and most of the swift British and French ships have been withdrawn to serve their Governments, the American steamers have maintained an uninterrupted service, week after week, carrying the United States mails and offering absolute protection to the lives of American passengers and the property of American merchants.

passengers and the property of American merchants.

My only regret is that these American liners are so few, and that new, larger, and swifter ships have not been constructed. The manager of the American trans-Atlantic service, Mr. P. A. S. Franklin, of New York, has stated on several occasions that his company stood ready to match the Mauretania and Lusitania. of the Cunard Line, if equivalent aid and encouragement were offered by the United States. I believe most earnestly that the time has come when the Stars and Stripes should be borne by the greatest and noblest ships on the Atlantic Ocean, and with this end in view I have inserted in the proposed bill an amendment to the ocean mail law offering a compensation not to exceed \$10 a mile on the outward voyage to ships "of a speed equaling or exceeding that of the fastest foreign vessels in the I do not profess that this proposed compensation same service." is altogether an equivalent to the very generous encouragement extended to the Cunard Line by the British Government, which lent to the Cunard management out of the British treasury a sum understood to be about \$13,000,000 for the building of the Mauretania and Lusttania, on which there was required only the very low interest rate of 2\frac{3}{4} per cent. At the same time the British Government gave to the Cunard Co. for 20 years a subsidy in round figures of \$1,100,000 a year, or sufficient to repay the entire loan with interest. In other words, the Mauretania and Lusitania were virtually given to the Cunard Co. by the Government of the United Kingdom.

If the maintenance of an unexcelled mail, passenger, and fast-freight service across the North Atlantic, and the strengthening of the naval reserve by the swiftest steamers in existence are worth so much to the United Kingdom, a superior service under the American flag is worth something to the United States. I believe that the creation of American ocean mail ships, excelling even the splendid Cunard ships, would be abundantly worth the subvention I have proposed.

# LINES TO SOUTH AMERICA AND THE ORIENT.

Though some American cargo steamers are now running under the abnormal conditions of the war to Brazil, Argentina, Chile, and Peru, no swift and regular line of American steamships carrying the United States mails under the law of 1891 has been established to any of these great countries of the Southern Some months ago the Pacific Mail service, which was given up when the seamen's bill became a law, was temporarily revived with much smaller and inferior steamers, but any proposal to strengthen the American merchant marine would be incomplete without generous provision for swift, superior steamship service under the American flag to Japan, China, and the Philippines. The measure which I have the honor to present offers an increase of compensation from the rate of \$2 and \$1 a mile, respectively, for vessels of the second and third class, to not exceeding \$4 and \$2 on routes to South America south of the Equator, and to Japan, China, and the Philippines, and also to Australasia, whither an inferior American steamship service now runs, recently revived under the law of 1891, but contending under heavy handicaps against subsidized British competitors.

## OCEAN MAIL PAY UNDER NEW POLICY.

Ocean mail compensation or subsidy is not a new departure in the practice of the United States. Many years ago mail sub-

sidies were granted, originally by a Democratic Congress, on the recommendation of a Democratic President, Mr. Polk, to American steamship lines to Europe and the West Indies and between both our North Atlantic and Pacific ports and the Isthmus of Panama. That legislation was approved by men of all parties and was entirely successful in the rapid increase of American steamship tonnage, which for a while exceeded the growth of British tonnage. But it is a matter of history—and sorrowful history—that that ocean mail legislation was destroyed in the fierce sectional struggles in Congress that preceded the Civil War.

The proposed amendments of the existing ocean mail law embody an application of principles that have worked satisfactorily in our own experience and in the experience of all other great maritime nations of the world. Swift and regular ocean mail service in ships of more than ordinary commercial speed is a particular service rendered to the Nation, which requires and deserves fit compensation from the National Treasury. We have offered a certain rate of compensation for many years on the long routes to South America and across the Pacific Ocean. These rates have not proved sufficient to create and maintain a service under the American flag. In the light of these facts it is the part of prudence and of patriotism to offer a properly increased rate of compensation that will produce such a service.

#### FOREIGN SHIPS NEVER "CHEAP."

Every argument that has been made in this Chamber for ocean mail and similar legislation, to give national aid and encouragement to the American merchant marine, has been absolutely confirmed by our national experience since the outbreak of the great war in Europe. Once there were Senators who were disposed to question the need of an American ocean shipping. I have heard Senators express the belief that so long as foreign shipowners were carrying our commerce cheaply it was just as well that they should be allowed to do so, and that it was best that our country should make no effort to participate in ocean navigation. However plausible that argument may have seemed in time of peace, this war has utterly and forever shattered it. We have discovered to our cost that a cheap service in foreign ships may in the end prove a most extravagant service.

extravagant service.

When war came the German merchant marine vanished from the ocean, and the best steamers of Great Britain and her allies were immediately "commandeered" for the military or naval service of their Governments. If there had been a great, adequate merchant shipping under the American flag, this shipping, whose first interest and duty would have been to serve the American flag, with additions from our great coast fleet, would have sufficed to save American ocean trade from serious injury. But with American ships carrying less than 10 per cent of our commerce, and foreign ships, principally British and German, carrying the remainder, before the war began, it was inevitable that sooner or later the condition that now confronts us should arise, when grain and cotton and other export products are piling up day after day on steamship docks and in railroad yards for lack of tonnage to deliver them to over-seas customers.

Moreover, the American people, arousing themselves to the need of national preparedness, are dismayed to find how small and feeble is the existing auxiliary Navy under the American flag—for through many years we have been paying many millions in mail, passenger, and freight money to maintain the auxiliary navies of foreign Governments.

No longer is the plea heard in this Chamber that if foreign ships can carry our trade at "cheap" prices they ought to be allowed to do so. Never again will that argument be heard from the lips of an American Senator. The blindness of it, the folly of it, have been made forever manifest. After long years of controversy and hesitation we have all come together at last in frank recognition of the fact that an American merchant marine is as essential to this Republic as an American Navy, of which, indeed, merchant auxiliaries are an indispensable part. I have offered the bill for which I am invoking the friendly consideration of the Senate because out of many years of conscientious study of the question I am deeply convinced that this measure points the better way.

# BOTH ARE SUBSIDY BILLS.

It is a subsidy bill. But, if I mistake not, the word "subsidy" has lost most of its power to affright the American people, even the people of our inland States, whose grain and provisions can not be marketed because of a lack of ships to carry them to Europe. The loss which the West and the South are now suffering because of our long neglect of our own merchant shipping mounts far up into the millions and would pay subsidies for a hundred years.

The whole Nation is now face to face with the demonstrated truth of the proposition that national aid to American ships is not merely a matter of concern to the ocean States that build and own them, but is as valuable to Minnesota and Nebraska as to Massachusetts, to Kansas and Texas as to Pennsylvania.

Both the bill urged by the President and his Cabinet and approved by Democratic Senators and the bill which I myself offer are subsidy bills. They are both based upon the funda-mental proposition that national aid is necessary to enable American ships to meet the competition of the low wages and the subsidies and bounties of foreign Governments. find this fact stated in express terms in every address which the Secretary of the Treasury, Mr. McAdoo, has delivered on behalf of the proposed legislation of which he is the champion. He points out everywhere and always the fact that the wages and standards of living are lower on foreign ships, and that subsidies are liberally paid by foreign nations. Then, he contends that these adverse conditions can be met only by the wealth and power of the Government of the United States in building or purchasing steamships of its own and operating these ships in foreign commerce out of funds from the National Treasury, or, as a possible alternative, in some cases of leasing the Government ships to private shipowners at a low rental that will enable these shipowners to operate them without dis-

In either case, under the Government-ownership bill or under the bill which I have introduced, the difference between the cost of operation of foreign ships and of American ships, due to low foreign wages or foreign subsidies or both combined, is to be borne by the Government of the United States on behalf of all of the people of the United States, some of whom are to be admitted by the Government as fellow stockholders in Government shipping corporations.

These Government-owned ships are to be as distinctly subsidized ships as the cargo vessels and the ocean mail liners of the alternative measure which I have presented. Under the existing ocean mail law and the restrictions provided in regard to cargo vessels in the proposed bill, that they must be fit for auxiliary service, carry American boys, and be held at the disposal of the Nation, the Government would be able to wield a considerable measure of control over these American vessels. If further and reasonable precautions are necessary to guarantee that these privately owned ships shall everywhere and always serve the public interest, I am willing that such precautions should be enforced by Federal law. But I wish again to emphasize the fact that both of these alternative measures before the Senate are national-aid measures, subsidy measures, and that no criticism of the subsidy policy or principle can here-after come from those Senators who have already committed or are prepared to commit themselves to the support of the legislation so eloquently urged by the Secretary of the Treasury and by the President himself.

# LESS COSTLY, MORE EFFECTIVE.

Of the two proposals, I prefer the plan which I have introduced-first, because it conforms to tried and established policies and methods which have proved successful in the experience of other maritime nations, nations that can now have no possible reason or excuse to retaliate, and, second, because I believe that the bill which I offer is the more direct and effective, and in the long run will prove the less costly to the Government.

The control and management of commercial shipping is a complex, difficult art, in which our Federal Government has had practically no experience, for the one small Government line to the Isthmus of Panama has been a mere auxiliary in the work of canal construction, and has not been a financial success. My own plan would leave the design, building, and maintenance of our ocean ships in the hands of the men who have been trained from youth to this particular business. that these men, of whom there are hundreds in America, may well be trusted to operate these ships not only with more economy but with more alertness, vigor, and enterprise than could any cumbrous machinery provided in our Government I believe that where the plan which I have outlined would cost the Treasury one dollar Government ownership and operation would cost the Treasury many dollars, or that if the expenditure were equal the plan which I advocate would provide many more ships, would create more trade, and would insure a far stronger addition to the American auxiliary

The sum of \$2,000,000 annually, it is estimated, would provide the proposed mileage subsidies to all the ships fit for auxiliary naval service and now regularly engaged in over-seas commerce under the American flag. An ocean mail expenditure

South America, Australasia, and the Orient. All of these sums and undoubtedly larger sums would be required under the Government-ownership plan to equalize conditions on American mail and cargo ships against the competition of foreign ships and foreign Governments. And in addition many millions more would have to be taken from the Government Treasury to build or buy the ships which it is proposed that the Government shall own. Under that plan the Government would pay all the subsidies and run all the risks. Under the plan which I present the Government would pay the subsidies and would equalize conditions, but there it would stop; the risks and liabilities would have to be assumed by the steamship management and stockholders.

Though, as I have said, a majority of the Merchant Marine Commission in 1905, after its long inquiry, could not approve a revival of the historic plan of preferential duties, nevertheless I personally would not be averse to giving that plan a full and fair trial at the present time if no other plan could be adopted, and with that end in view I have offered a comprehensive bill along these lines. Certain it is that in our own national ex-perience from 1789 for many years afterwards preferential customs and tonnage duties wrought a magnificent growth of the American merchant marine in foreign commerce. I realize, of course, that tariff and other conditions were more favorable then than now, and that there were no commercial treaties trammeling the maritime policy of the United States, but these commercial treaties have been and can be modified in many They can even be abrogated, and it may prove particulars. that they will have to be abrogated at the end of this war in order to give proper freedom to the maritime advancement of

After all, it is the object we seek-the restoration of our merchant shipping-which is the important consideration-a consideration so important that as patriotic citizens we must all approach the subject in an open-minded spirit of give and take. Preferential duties, with all their difficulties, are certainly far preferable to Government ownership and operation, to Government participation in a purely commercial trade.

The moment that the Government, with all its wealth and power, goes into the ocean steamship business, that moment there falls a paralysis on private enterprise and personal initiative; for no shipowners, however capable, no steamship corporations, however rich, would ever dare to enter the field of competition against the Congress and the Treasury of the United States. Success of the Government-ownership project means that ultimately the Government must own and operate all American ships in over-seas commerce, that, in other words, this trade must be a Government monopoly. To many, and I believe to a great majority, of thoughtful American citizens the adoption of Government ownership of ocean shipping will mean a threat of Government ownership and control of other great national industries and a violent departure toward blind and destructive State socialism, the end of which no man can now

Mr. President, as I suggested in the beginning, I will on tomorrow, or at the first favorable opportunity, take occasion to discuss the bill that is now before the Senate, and which I have only touched upon casually in the observations I have made

Monday, August 14, 1916.

Mr. GALLINGER. Mr. President, on Friday last I addressed the Senate briefly on the history of attempted legislation by the Republican Party in behalf of the American merchant marine, and to-day I will occupy a little time in examining the salient features of the bill now under consideration.

Alexander R. Smith, of New York, a noted writer on mari-time affairs, in a recent communication to the New York Sun, declares that the ostensible purpose of the administration shipping bill is to help restore American shipping to foreign carrying, but its real result will be to deliver over to foreign shipowners and foreign shipbuilders the control of our coastwise carrying, the cream of our domestic maritime business, "Everybody knows," says Mr. Smith, "and no one better than the administration, that to appropriate \$50,000,000 with which to do a work that would require from \$750,000,000 to \$1,000,000,000 is to attempt the impossible, and yet it is doubtful if the last-named sum would suffice to replace with American ships the foreign ships now engaged in our foreign carrying."

And in this connection I want to say here and now that if this money is to be expended I want a part of it to go to New England, because I know that if this bill becomes a law the bankers of New England will not listen to any proposition to advance money for shipbuilding while the Government is in competition with them.

of \$3,000,000 a year, as I have shown to the Senate in previous years, would create splendid American ocean mail lines to Mr. H. D. Cleveland, of the Boston Pacific Line, a gentleman

who has had much to do with raising capital for shipbuilding purposes. Mr. Cleveland says:

purposes. Mr. Cleveland says:

At the request of the merchant marine committee of the Boston Chamber of Commerce, I wish to detail to you the facts in regard to proposed developments here in Boston as effected by the administration shipping bill.

This company, at present owning no steamers, has at great expense had plans drawn for a fleet of steamers to operate from this port through the Panama Canal to Pacific coast ports. The money for this development is available, but owing to the administration shipping bill and the uncertainties as regards the future in connection with the regulating features, and the menace of Government operation, we have been compelled to postpone our plans pending legislation in Washington. The main difficulty encountered is in persuading our banking affiliations that we were not going to be so regulated that we could not at the start be sure of a successful operation, for those who have operated on the ocean know that the first year or two is very problematical until such time as the proposed service reaches its normal flow.

In connection with this development there are a group of men who have been interested in shipbuilding who were prepared to start a new yard if given the contract for building these boats.

Mr. Franklin, of New York, a gentleman who approves of

Mr. Franklin, of New York, a gentleman who approves of some features of the pending bill, especially the provision which creates a shipping board, has pronounced opinions on the Government-ownership proposition. In a recent letter to me, Mr.

Franklin says: I am opposed to Government ownership; it will not create an American merchant marine, but simply establish services between certain specified ports, and would probably result in the withdrawal of the existing services between those ports, and create antagonism and jealousies in other ports. It would be impossible to interest capitalists in shipping, as they would be afraid that the Government might establish services in competition with them.

In a recent letter received from Mr. C. S. Dearborn, president of the American-Hawaiian Steamship Co., I am told that that company is distributing its surplus earnings to its stockholders rather than applying them to new ships, in the belief that this bill, which Mr. Dearborn calls "the most vicious legislation that was ever attempted," is to be passed. Mr. Dearborn ays that if his company believed that the Government would operate a service in our coast-to-coast trade, doing business at a loss, as they did with the Panama Railroad, rates being dictated by shippers, they would be derelict in their duty to their stockholders if they did not dispose of their fleet at the present fabulous prices being paid by foreigners, and he adds that they have just sold two new 9,000-ton steamers.

Facts like these ought to be of sufficient weight to defeat the bill, but evidently the eyes of Democratic Senators are closed to every consideration except that dictated by the President and indorsed by a Democratic caucus.

So far as I have observed, almost every leading newspaper

of the country is in opposition to the proposed legislation.

The New York Herald aptly denominates the pending bill "An old snake in a new skin," and the New York Evening Post, in reviewing the optimistic utterances of Secretary of the Treasury McAdoo, alludes to him as "Col. Sellers reincarnated," both of which criticisms seem to be justified by the facts.

It is proper that I should call attention to the circumstance that in a referendum taken by the Chamber of Commerce of the United States there was an overwhelming majority of the members of the chambers of commerce and boards of trade of the country who declared themselves opposed to the principles

of the administration ship-purchase bill.

In answer to the question, "Do you favor the Government undertaking the purchase, construction, or charter of vessels for mercantile purposes, together with the operation of such vessels," the vote was 600 against and 82 in favor.

In answer to the further question, "Do you favor the owner-

ship of merchant vessels by the Government, and operation by private parties under lease," the vote was 711 against and 54 in favor.

In answer to the question, "Do you favor subsidies from the Government sufficient to offset the difference in cost between the operation of vessels under the American flag and under foreign flags in the deep-sea trade," the vote was 508 in favor and 186 against.

In answer to the question, "Do you favor subventions by the Government to establish American mail and trade lines to countries in which the commercial interests of the United States are important and to American dependencies," the vote was

That certainly is a remarkable demonstration of the fact that the business interests of the country are absolutely opposed to the legislation now under consideration.

The New Orleans Association of Commerce had this matter under consideration, and made the following report:

Your special merchant marine committee begs to report as follows:
We have considered House bill 15455, Sixty-fourth Congress, first
session, a measure known as the Alexander bill, "to establish a United
States shipping board," etc.

It is our opinion that the association of commerce, through its board of directors, should go on record as reaffirming its position on this bill in line with its vote on referendum No. 9 of the Chamber of Commerce of the United States.

The vote of the association of commerce on this referendum was as follows:

1. The association of commerce voted as being opposed to the Government undertaking the purchase, construction, or charter of vessels for mercantile purposes, together with the operation of such vessels.

2. Opposed to ownership of merchant vessels by the Government, but with operation by private parties under leases.

3. In favor of subsidies from the Government sufficient to offset the differences in cost between operation of vessels under the American flag and operation in the same deep-sea trades under foreign flags, provided that the navigation laws of the United States can not be changed or some other way be found to accomplish the same purpose.

4. In favor of subventions from the Government to establish regular mail and freight lines under the American flag to countries in which the commercial interests of the United States are important and to American dependencies.

I want to repeat, Mr. President, that that was the action of the merchant-marine committee of the New Orleans Association of Commerce, which was approved by the board of directors of that great body.

The New Orleans Board of Trade (Ltd.), when the former hill was under consideration on December 29, 1914, declared as follows:

follows:

It would be a startling and dangerous step toward socialism, and, if the Government succeeded in starting on a small scale, it is difficult to foretell to what extent this dangerous precedent might lead.

The enactment of such legislation would be a serious blow to our American merchant marine, in that it would destroy the initiative on the part of private capital, and no one would think of attempting to build, buy, or operate merchant vessels in competition with the United States Government, and the private-owned vessels which are now under the American flag would, in our judgment, diminish to such an extent as to actually reduce the aggregate tonnage of the American merchant marine rather than to increase it.

We do not believe it would be a business proposition for the Government to engage in the steamship business, as, in our judgment, it would prove an expensive failure. We seriously doubt if, after the Government had taken 51 per cent of the capital stock of any corporation organized for the purpose of taking advantage of this bill, individuals would take the other 49 per cent. It is a well-known fact that the operation of the Panama Rallroad steamers from New York has proved an expensive undertaking for the Government, notwithstanding they were in a better position to provide these ships with tonnage and passengers than any private corporation.

The Philadelphia Maritime Exchange, in a protest dated

The Philadelphia Maritime Exchange, in a protest dated December 31, 1914, said:

That the proposed legislation would place the Government in direct and complete competition with a number of our citizens who, with investments of many millions of dollars, are engaged in a business essentially private in character and readily controllable both by competition and governmental regulation. No private enterprise, however capably and economically administered, where the management is accountable to its stockholders, can compete with the Government in the same industry where there is no such accountability.

Furthermore, the Philadelphia Maritime Exchange went on record as declaring its opinion that-

The ownership and operation by the Government of merchant vessels is a backward rather than a forward step, and will not only discourage but destroy all private initiative in the direction so earnestly desired.

Let me call the attention of Senators to the policy that France has recently adopted on this subject. A year ago a project for Government ownership of merchant shipping appeared in France, and at first commanded some signs of popular favor. But careful examination of the subject quickly destroyed all the support which the project had received. Minister of Finance Ribot and Minister of Marine Lacaze, whose approval of the measure was necessary, pronounced against the plan after having examined it, and the bill authorizing the State to purchase a merchant fleet of 50 ships was thereupon withdrawn from the Chamber of Deputies, being condemned as both ineffective and extravagant. In substitution for it a plan was prepared to aid French shipowners by careful loans of public funds to increase the number of their ships and to meet the emergency which the war had brought upon French commerce. In the Commerce Reports of the Bureau of Foreign and Do-

mestic Commerce for February last there appeared a description of the new plan prepared by Mr. Charles W. A. Veditz, commercial attaché at Paris, who said:

A measure tending to strengthen our merchant marine should be passed without delay.

While the war lasts we may reap the advantages of being able to benefit French commerce by recovering, in part, the heavy tribute which we are paying to foreign shipowners in the form of marine

benefit French commerce by recovering, in part, the neavy tribute which we are paying to foreign shipowners in the form of marine freights.

After the war our maritime commerce will need a number of ships sufficient to insure a continuation of the services heretofore maintained by our companies and to make possible the organization of new lines. It is on this condition only that the economic life of France will be able to recover and to create large resources necessary for the work of national rehabilitation.

Our ports will be visited by a larger number of ships from now on and the free play of economic laws will tend to lower the freights. Furthermore, the proportion of French tonnage in our foreign trade will be larger, and action by the Government, if demanded by circumstances, would be of greater effect in the domain of transportation.

The vicissitudes of war have reduced the effective strength of our merchant fleet. The strenuous service to which our ships have been subjected since August, 1914, the resulting wear and tear, the impossibility of reopening our shipyards before the termination of hostilities—all this compels us, if we would be ready in time, to obtain without delay a number of ships from other countries to replace those lost and to supplement those in active service.

In its earnest desire to improve the conditions under which the country procures its food supply, to stop the waste of the national wealth, and to secure the future of our merchant marine, the Government has examined various solutions proposed. It is of the opinion that the end sought can only be achieved by encouraging private initiative and giving aid to shipowners in order to induce them to buy ships in allied or neutral countries.

The granting, under proper guaranties, of loans repayable in annual installments, and the determination of a fixed sum to be paid as indemnity in case a ship so acquired should be requisitioned by the Government, are the measures which will best meet the present needs of these measures, as the shipowners will be under the double obligation of keeping the ships so acquired as part of our merchant fleet for five years at least and of employing them in the French import trade until the crisis now prevailing in maritime transportation shall have moderated.

Some of the provisions of the proposed law are further stated by Mr. Veditz to be as follows:

by Mr. Veditz to be as follows:

Until the expiration of 12 months after the conclusion of peace the Government may invest a sum not exceeding 100.000,000 francs in loans to French shipowners, to cover a part of the sums necessary for the purchase of ships with mechanical propulsion, from citizens of allied or neutral countries. The interest to be pald on such loans shall be calculated at the rates charged by the Bank of France on loans on securities. Navigation companies possessing a fleet of 20,000 tons or more may receive 70 per cent of the purchase price; those possessing a smaller fleet 80 per cent.

After making provision for repayment by the shipowners the bill provides that Government experts shall inspect the ships, which must be seaworthy and in good condition. Article V indicates the formalities to be compiled with by the shipowner desiring to obtain a loan, the shipowner being obliged, among other things, to give the State a first mortgage on the ship after it has been registered as French. Article VI provides that in the case of a transfer of the ownership of a ship, made during the present war or within five years after the conclusion of peace, the owner shall pay a sum of money equal to the purchase price. He is under the additional obligation, until the expiration of six months after a treaty of peace has been signed, to carry imports intended for French ports only, though one-fourth of the cargo may be carried to allied or neutral countries. Similar provisions are made for owners of tugs and fishing vessels.

And, finally, the indemnity to be paid for ships so acquired when requisitioned by the Government shall be determined in accord with the prevailing charter rates, reduced by 15 per cent.

It will thus be seen, Mr. President, that the French Government, after fully discussing several suggestions that were presented proposing that the Government should enter upon the purchase of ships and should operate them under the terms that the Government might provide, decided them adversely, and that instead a large loan was authorized to be made to shipowners on very liberal terms, so as to increase the merchant fleet of France in that way.

# ITALY HAS SCHEME FOR SHIP SUBSIDIES.

Only four days ago the New York Herald had a dispatch from Rome which is of very great significance in this debate. That dispatch says:

The ministry to-day-

That is, the Italian ministry-

That is, the Italian ministry—

The ministry to-day adopted the following measures designed to effect the building up of the national merchant marine and relieve shippers from the burdens of high freight rates:

Ships bought abroad by Italian citizens or companies within the next two years will be exempt from taxation for a period of three years. Ships built in Italy during the same period will be exempt from taxation for four years; the materials for such ships will be permitted to enter free of duty, and subsidies will be paid of \$16 a ton on the hull and \$20 on machinery.

Ships built under the provisions of the act will be liable, however, to requisition by the Government for one year, and such ships must also remain under Italian registration for five years.

The interesting feature of this proposition is the full provision for a direct Government bounty to Italian-built ships of \$16 a ton on the hull and \$20 on the machinery. Section 9 of the Government-owner-ship bill would then bring American shipyards into competition for the building of Government-owned ships, for both foreign and coastwise trade, with Italian shipyards, which, under this provision, will receive from their Government \$80,000 on a ship of 5,000 tons and considerably more on the machinery.

Section 9, therefore, forces American shipyards into free-trade rivalry, so far as Government-owned ships are concerned, not only with foreign yards but with the treasurles of foreign Governments. France and Austria have similar provisions for direct Governments bunties to ships built and engined in native yards, and Japan has the same. This proposition, under the circumstances, may well be described as free trade run mad.

In the Commerce Reports of Friday last Commercial Attaché William C. Devenue.

In the Commerce Reports of Friday last Commercial Attaché William C. Downs, writing from Rio de Janeiro, gives the following information concerning a subsidy for Brazilian coastwise navigation, which is deserving of very serious consideration. It shows that the South American countries are following the example of the great maritime nations of the world in subsidizing their steamships. Mr. Downs says:

According to the new contract between the Federal Government of Brazil and the State of Babia, approved by the President of the Republic on May 31, 1916, an annual subsidy of 270,000 paper milreis (about

\$67,500 United States gold) is granted for the maintenance of coastwise steamer services from the port of Bahia. This subsidy is divided

as follows:

1. For two round voyages per month between Bahia and Pernambuco, with stops at Estancia, Aracaju, Villa Nova, Penedo, and Macelo, 131,588 milreis (\$32,597) for 22,224 miles.

2. For one round voyage per month between Bahia and Belmonte, stopping at Marahu, Rio das Contas, Ilheos, and Cannavieiras, 31,832 milreis (\$7,958) for 5,376 miles.

3. For two round voyages per month between Bahia and Mucury, stopping at Ilheos, Cannavieiras, Porto Seguro, and other small ports, 106,580 milreis (\$26,645) for 18,000 miles.

This service will be maintained by seven steamers.

It is true that the subsidy given by Brazil to its coastwise ships is not a very large one, but it nevertheless emphatically shows the difference in the policy of that Government and ours. Brazil subsidizes her coastwise ships, while we propose to open our coastwise trade to ships that under existing laws are not entitled to such privilege.

On January 30, 1915, a very interesting communication appeared in the London Spectator, as follows:

THE AMERICAN GOVERNMENT AS A SHIPOWNER.

To the EDITOR OF THE SPECTATOR :

The Medican Government as a shipower.

To the Editor of the Spectator of:

Sir: Your correspondent, "A Jeffersonian Democrat," asks in his letter under the above title in the Spectator of January 16 whether there is any modern precedent for State ownership of a merchant marine. One is to be found in Australia, where the labor factions have had a good run of late. According to the Shipbuilding and Shipping Record of August 6 last, the Fisher government some two and a half years ago bought a steamer, the Stuart, from a private company for £10,400, and another £5,900 was expended in refitting her. She earned in two years £2,381, and was sold last summer for £6,200, the estimated loss of £10,000 falling on the shoulders of the electorate. Another State-owned steamer is the Western Australia, purchased in 1912 by the labor-governed State bearing the same name. She was bought for £38,500, and altogether cost about £73,000. The government was then trying to sell the ship for £45,000. There are, of course, other instances, particularly where a shipping company has been so backed up, subsidized, and financed by a State as to make the concern to all intents and purposes a State-owned company. One of this class is the Lloyd Brazilier fleet, which the Brazilian Government put up for sale last year, without, however, finding a purchaser.

I am, sir, etc.,
(Our correspondent forgets an earlier precedent, the London County Council's attempt to run a fleet of passenger steamers on the Thames. The result is never mentioned in progressive circles in the metropolis.—
Editor Spectator.)

That same paper, Mr. President, one of the great papers of

That same paper, Mr. President, one of the great papers of Great Britain, in February, 1915, contained this editorial:

All over the world experience has shown that the intervention of the State in any particular industry frightens away private capital. American economists are fond of emphasizing this point when they contrast the American railway system, constructed by private enterprise, with the railways of India, constructed by Government enterprise. The disproportion of mileage is enormous, and far greater than can be explained by the difference, admittedly great, between the industrial conditions of the two countries. Therefore from the point of view of the British shipping industry we certainly hope that President Wilson will persist in this bill, which might be briefly described as a scheme for handicapping American commercial enterprise by State competition.

Under date of August 3, 1916, one of the great newspapers of this country, the New York Sun, contained an article headed "Net tonnage cleared largest in history—shipping total for fiscal year reaches 25,475,103." The entire article is as follows:

year reaches 25,475,103." The entire article is as follows:

Merchant shipping, American and foreign, cleared from seaports of
the United States 25,475,103 net tons for Europe, South America, Asia,
Africa, Australia, and Oceania during the fiscal year ended June 30,
1916, was the largest in the history of the United States, notwithstanding the European war, the capture of the port of Antwerp, the closing
of the Black Sea, the blockade of the ports of the central powers, the
withdrawal of the German and Austrian vessels from trade, and the
dangers from mines and submarines, according to figures compiled by
the Bureau of Foreign and Domestic Commerce.

Up to the year just closed the greatest volume of clearances from the
United States for the over-seas continents named was 24,872,403 net tons
during the year ended June 30, 1914, just before the outbreak of the
European war. Much of the tonnage in that year was space for passengers on ocean steamers, while during the fiscal year just closed such
fast steamers to a large extent had been withdrawn from trade to serve
as allied transports and hospital ships, and their places have been filled
by cargo steamers.

as allied transports and hospital ships, and their places have been filled by cargo steamers.

American shipping cleared for the over-seas continents during the year just closed was more than threefold that in 1914, 2,448,305 net tons, compared with 745,242 net tons for the fiscal year 1914. The American net tonnage, a net ton being 100 cubic feet of closed-in space available for cargo or passengers, cleared from the United States for these continents in the years ended June 30, 1914 and 1916, the foreign tonnage so cleared, and the combined American and foreign tonnage were as follows:

	Ame	rican.	For	reign.	Total.	
	1914	1916	1914	1916	1914	1916
Clears for—	Tonnage. 447,000		Tonnage. 19,598,000	Tonnage. 18,791,000	Tonnage. 20,046,000	
South America	192,000 72,000 28,000 4,000	945,000 131,000 157,000 79,000	2,237,000 1,165,000 724,000 402,000		2,429,000 1,237,000 752,000 406,000	2,710,000 1,620,000 753,000 464,000
Total	1 1000		The state of the s	23,026,000	Contract Contract	

During the past fiscal year our shipping facilities (net tonnage) for the export trade to Europe have been the greatest in our history, according to the report. Although the net tonnage in 1914 was a trifle larger—half of 1 per cent—much of that net tonnage in 1914 was for the passenger trade, as stated, which in 1916 was relatively small, and cargo space in 1916 was supplied to help meet the great volume of exports. During 1914 the American Line mail steamers to Southampton and the Red Star Line passenger ships to Antwerp were virtually the only American ships in trade with Europe; in 1916 American ships traded with the maritime nations of Europe, except Belgium and the blockaded central powers. The total tonnage clearances to France and Italy almost doubled, the clearances to Norway, Denmark, and Sweden more than doubled, and to Greece increased over threefold. The following summarizes the net tonnage clearances to European countries:

	Ame	rican.	For	eign.	Total.		
Destination.	1914	1916	1914	1916	1914	1916	
Austria-Hungary.	Tonnage.	Tonnage.	Tonnage. 517,000	Tonnage.	Tonnage. 517,000	Tonnage.	
Belgium France Germany	187,000	184,000	943,000 1,763,000 3,893,000	3,452,000	1, 131, 000 1, 763, 000 3, 902, 000	3,636,000	
Great Britain and Ireland Greece	241,000	604,000 5,000 135,000	7,351,000 93,000 1,893,000	7,700,000 345,000 3,444,000	7,593,000 93,000 1,893,000	8,304,000 351,000 3,579,000	
Italy. Netherlands Russia in Europe. Spain.	8,000	10,000 23,000 11,000	1,751,000 157,000 422,000	1,356,000 197,000	1,760,000 157,000	1,366,000 221,000	
Other Europe		45,000	127,000		128,000	310,000	
Total	447,000	1,020,000	18,917,000	17,309,000	19,365,000	18,325,000	

American shipping in trade with South America has developed more rapidly in the past fiscal year than in any other direction. The American tonnage cleared was almost five times greater than in 1914, and in trade with Argentina particularly the increase is notable. The withdrawal of foreign ships has been made good by increased American tonnage. The increase in total clearances is partly due, of course, to improved financial conditions in those countries, except Peru, and to the removal of the risk of destruction which checked trade with South America for some months after the outbreak of the war. The clearances for South America follow:

D. 11. 11.	Amer	rican.	For	eign.	Total.		
Destination.	1914	1916	1914	1916	1914	1916	
Argentina	Tonnage. 4,000 62,000 44,000 48,000 7,000 23,000	Tonnage. 191,000 259,000 236,000 109,000 32,009 54,000 52,000	*Tonnage. 611,000 648,000 482,000 271,009 42,000 93,000 29,000	Tonnage. 575,000 548,000 355,000 74,000 50,000 121,000 13,000	Tonnage. 616,000 710,000 526,000 272,000 91,000 100,000 52,000	Tonnage. 767,000 808,000 592,000 183,000 83,000 176,000 65,000	
America	1,000	9,000	57,000	24,000	59,000	33,000	
Total	192,000	945,000	2,237,000	1,764,000	2,429,000	2,710,000	

That article shows, Mr. President, that in spite of the war the tonnage cleared from American scaports in the foreign trade during the fiscal year ended June 30, 1916, was the largest in history, the American tonnage cleared in this over-seas trade being more than threefold that of 1914. This shows how much enterprise American shipowners have manifested in building or buying new shipping, or diverting all available vessels from the coastwise trade. It is particularly interesting to note that the American tonnage cleared in the trade with South America was also five times greater than in 1914. These are practically all freight carriers, however, and not in any case a regular line service. Such regular service can not possibly be established in time of war without subventions from the Government guaranteeing protection.

I have also, Mr. President, a most interesting article from a great American newspaper, the New York Journal of Com-merce, of August 10, 1916, headed "Decline in World's Steamship Tonnage." The entire article is as follows:

ship Tonnage." The entire article is as follows:

Statistics showing the number and tonnage of steam vessels owned by the various nations of the world, contained in the new issue of Lloyd's Register, indicate that war losses and the curtailment of new production have caused a slight reduction in the total since the beginning of hostilities. The number of vessels listed under date of June, 1914, was 24,444, with an aggregate gross tonnage of 45,247,724 on June 30, 1916. The sailing-ship tonnage totals 3,435,412 tons now, compared with 24,132 of an aggregate gross tonnage of 45,247,724 on June 30, 1916. The sailing-ship tonnage totals 3,435,412 tons now, compared with 3,685,675 tons two years ago, pointing toward the fact that there has been little effort to supply new tonnage for that which has been lost, even though sailing ships have recently been operated with good profit.

The United States has made the greatest gain recorded by any nation, as shown by the figures. This increase has been confined entirely to ocean-going vessels, which have increased in number by 172 and in tonnage by 825,627 gross tons. To offset this increase there has been a slight decline in the number and tonnage of American lake vessels, some of which have been withdrawn for ocean service. The shipping

of the Philippine Islands has also decreased somewhat. Taking these losses into consideration, the gain of the American merchant marine has been 147 steamships of 786,137 gross tons.

It is interesting to note that in spite of the fact that Norway has lost more ships due to war causes than any other neutral nation, she shows the second largest gain, amounting to 139 ships of 306,547 gross tons. Japan's increase has been less than might have been expected, measured by 48 ships of 139,067 gross tons.

measured by 48 ships of 139,067 gross tons.

It will be seen from the following table that the steam tonnage under the British flag has decreased by only 59,825 tons, the French tonnage by 71,166 tons, while Russian steam tonnage has increased by 23,197 tons, and Italian tonnage by 255,245 tons, so that, taken altogether, the allies have 147,451 tons more than in 1914, while Austria and Germany have lost 1,405,421 tons. That these figures do not represent accurately the relative position of the beligerents is to be inferred from the absence of definite information as to what ships Germany and Austria have been building, details of which will not be known propably until after the war ends.

The allies together own 27,292,011 tons, Germany, Austria, and Turkey 4,864,732 tons, and neutrals 13,090,981 tons. Great Britain still maintains a long lead over all rival maritime nations, as indicated by the Register, while the seagoing merchant fleet of the United States yields second place to Germany. The following table shows the number and tonnage of steamships owned in the countries listed on June 30, 1914, and on June 30, 1916, as recorded by Lloyds:

	June	, 1914.	June	, 1916.
	Number.	Gross tonnage.	Number.	Gross tonnage.
British:	alignes.	gangeri.	direction.	W. No. by
United Kingdom	8,587	18, 892, 089	8, 454	18, 825, 356
Colonies	1,536	1,631,617	1,576	1,638,525
American (United States):	1,000	2, 002, 021	4,010	2,000,000
Sea	1,113	2,026,908	1,285	2, 852, 535
Northern lakes	579	2, 260, 441	561	2, 225, 900
Philippine Islands	65	42, 729	58	37, 780
Argentine	244	188, 892	238	181,920
Austro-Hungary	433	1,052,346	385	891, 100
Belgian	173	341, 025	144	264, 985
Brazilian		307, 607	377	290, 637
Chilean	91	96, 473	95	92, 82
Chinese	73	93, 095	80	97, 841
	53	58, 450	41	34, 28
			589	797, 37
Danish	576	770, 430	697	
Dutch	709	1, 471, 710	998	1,486,36
French	1,025	1,922,286		1,851,12
German	2,090	5, 134, 720	1,708	3, 890, 54
Greek	407	820, 861	361	717,04
Italian	637	1,460,475	684	1,685,72
Japanese	1,103	1,708,386	1,151	1, 847, 45
Mexican	48	45,069	41	40,08
Norwegian	1,656	1,957,353	1,795	2, 263, 90
Peruvian	19	28, 771	17	23, 34
Portuguese	105	92,429	164	303, 70
Roumanian	34	56, 164	35.	60, 20
Russian	747	851,949	753	875, 14
Siamese	11	12,360		
Spanish	589	883, 926	552	815, 16
Swedish	1,088	1,015,364	1,037	926, 65
Turkish	142	118, 317	113.	83, 08
Uruguayan	42	38, 837	41	35, 98
Other countries		54, 798	76	59,74
Not recorded			26	51, 40
	STATE OF THE PARTY OF	San Bridge System Street	A.S.	
Total	24, 444	45, 403, 877	24, 132	45, 247, 72

This article shows that, while the world's tonnage as a whole has fallen off, due chiefly to war depredations, American shipping on the ocean has increased from 2,026,908 tons, in 1915, to 2,852,535 tons, in 1916. This excludes, of course, the immense Great Lakes tonnage, the figures being those of Lloyd's. is no nation, according to Lloyd's statement, which begins to show such a vast gain as our own country-all due thus far to private capital and private initiative.

#### ALMOST UNIVERSALLY CONDEMNED.

Mr. President, seldom has an important legislative proposal met with more overwhelming public objection than the measure of the previous Congress, now revived in the present bill (H. R. 15455), for the ostensible purpose of "encouraging, developing, and creating a naval auxiliary and a merchant marine." Under this impressive title there has been cloaked a determined attempt to force the United States Government into the commercial shipping business—"a startling and dangerous step toward socialism," as a great southern mercantile organization has well described it. (New Orleans Board of Trade (Ltd.), 1915.) Under the sharp fire of criticism from all elements and sections of the country, and in the fear of another defeat, the bill has now been materially restricted and some of its capacity for harm reduced. But the principle of Government participation in trade and industry remains, some very unwise and obnoxious provisions have been added, and the bill as a whole is as deserving of defeat and rejection as the futile effort of a year ago.

These are the three main points of objection in the amended bill:

1. Government ownership and operation of merchant vessels.

2. Drastic and impracticable regulation of shipping freight

3. Free admission to the coastwise trade of foreign ships

cheaply built through low wages or bounties abroad.

Either one of these three policies would involve a grave menace to our merchant marine; taken altogether they constitute a virtual declaration of war by the Government of the United States on American shipbuilding and navigation.

GOVERNMENT OWNERSHIP ALMOST UNKNOWN.

In the history of the world there is not one recorded example of successful government ownership and operation of a mer-chant fleet. Great Britain, Germany, Norway, and Japan— which of late years has shown the most notable maritime growth—have never adopted or contemplated such a departure, nor have the maritime powers of the second class, such as France, Holland, Sweden, Italy, Russia, Spain, or Austria.

These Governments have all aided private maritime enterprise by national credit or funds or other forms of official en-

couragement. But in time of peace or even in time of great emergency, when there has been public requisitioning of ships, they have not taken actual title of ownership or deliberately

entered as Governments into ocean traffic.

For an instance of Government ownership and operation even in a halting and inglorious way, it is necessary to turn to the principality of Roumania, or to the colony of Western Australia, or to Brazil, which became a shipowner perforce through having to assume a fleet to which State aid had been unprofitably extended. And in all these instances the experiments proved disastrous.

Every strong and efficient merchant fleet in existence to-day under any flag on the globe is due to private capital and personal initiative. It is stated that the Australian Government has just purchased 15 "tramp" craft to convey staple products has just purchased 15 trainfy craft to convey stable products to Europe. But this is relatively a petty transaction, for several hundred large steamers would be necessary to serve the Australian trade, and the experiment is acknowledged to be conditional on the war and only a temporary expedient. Several single American shipyards now have under construction a much larger fleet than this improvised tonnage of Australia, where experience has brought sad enlightenment. The Shipbuilding and Shipping Record states that one of the Australian colonies bought a steamer "from a private company for £10,400 and another £5,900 were expended in refitting her. She earned in two years £2,381 and was sold last summer for £6,200, the estimated loss of £10,000 falling on the shoulders of the electorate. Another State-owned steamer is the Western Australia, purchased in 1912 by the State bearing the same name. She was bought for £39,500, and altogether cost about £73,000. The Government was then trying to sell the ship for £45,000."

GOVERNMENT OWNERSHIP HAS ALWAYS FAILED.

Wherever Government ownership and operation of a merchant shipping has been tried—and it never has been attempted except on a petty scale—the result has been insignificant or futile. Brazil a short time ago was reported as desiring to dispose of its Government-owned fleet but could find no purchaser. Roumania, which sends a few Government wheat ships to western Europe, has all told only 34 merchant steamers of a total of 56,164 tons. Brazil's steam tonnage, of only 302,513, or less than that of little Belgium, is steadily decreasing.

There is one Government steamship line under the flag of the

United States—the Panama Railroad Steamship Co.'s fleet plying between New York and the Isthmus of Panama. This fleet was acquired as a part of the assets of the French Panama Canal Co., and has been operated by the War Department. An analysis of the three years' operation of the Panama Co.'s vessels for 1912, 1913, and 1914 shows that if the proper and necessary charges for depreciation and insurance on the six steamers of the fleet-such charges as private companies have to meet—had been made for these three years, they would have left a deficit in operations of \$219,494. (See Congressional

Record, 63d Cong., 3d sess., Feb. 17, 1915, pp. 3952, 3953.)

If an allowance of 5 per cent on the capital invested on the valuation of the six ships had been provided for, this deficit would have been greatly increased. Yet the Panama Railroad Steamship Co. was highly favored through that period in the carrying of Government supplies and official passengers and The experience of the United States in this Panama Canal line has been such that no serious effort has ever been made or contemplated to increase the fleet or extend the service.

It is a sound axiom of business or of statesmanship that the National Government should not engage in business undertakings, which, under suitable conditions, can be conducted by private enterprise. The business of building ships and carrying mail, freight, and passengers by lake or ocean is satisfactorily

conducted by private enterprise in every nation which has a merchant shipping worthy of the name. There is inherently no more reason or justification for forcing the United States Government to build and operate merchant ships than there is to force it to grow wheat or cattle or cotton, or to enter upon any form of manufacturing or selling ordinary merchandise. The plea that the United States must build and operate merchant ships because "private capital will not or can not do it," will not stand intelligent examination for a moment.

OUR SHIPPING-PROTECTED AND UNPROTECTED.

The merchant fleet of the United States on June 30, 1915, consisted of 26,701 documented vessels of a total of 8,389,429 gross As the report of the Commissioner of Navigation declared, In tonnage and value the merchant shipping under the American flag is surpassed only by that under the British flag, and in tonnage it equals that of any other two foreign flags combined except the British." Of this enormous American shipping the ternage enrolled and licensed for the coastwise or domestic tradethat is, for the trade between one American port and another—included 23,903 vessels of 6,517,886 gross tons, while the shipplng registered for the foreign trade—the trade with ports of other countries—included 2,794 vessels of 1,871,543 tons. The American tonnage registered for foreign trade is now upward of 2,000,000 tons, an increase of 100 per cent since the opening of the European war—but even this enlarged over-seas fleet is only less than one-fourth of our total merchant marine, when normally it should be, as it is with other nations, the greater part of the entire merchant tonnage.

Every maritime power has a coast fleet and an over-seas fleet, but our own country is the only one which shows such a contrast between home and foreign commerce. The reasons for this are not far to seek. In the first place, the United States has the most extended seacoast and the greatest system of lake navigation in the world. In the second place, the national policy for more than a hundred years has rigidly protected and encouraged domestic or coastwise shipping, while for 60 years it has left almost unprotected the over-seas or internationally com-

petitive tonnage flying the Stars and Stripes

One of the first acts of the first Federal Congress in 1789 imposed heavily discriminating tonnage taxes that were intended to and did bar foreign ships and seamen completely from the home coast trade of the United States. In 1817 the prohibition of foreign shipping in this home trade was made specific and absolute. By successive acts the noncontiguous possessions of Alaska, Hawaii, and Porto Rico have been included in the coastwise legislation, and the great trade between our Atlantic and Pacific seaboards has always been kept beneath the American

That part of our national maritime industry which has been thus so completely protected has grown and prospered beyond precedent. No other nation has a coastwise shipping comparable in size, enterprise, and efficiency with our own. British tonnage, in size, enterprise, and emciency with our own. British tomage, steam and sail, engaged exclusively in the home trade of the United Kingdom in the year 1913—the last for which records are available—was only 869,090, or about one-ninth of the American coastwise tonnage of that same year, while 616,154 tons of British ships were engaged partly in home and partly in foreign carrying out of a total British merchant tonnage of 19,000,000.

The growth of protected American coastwise shipping has been more constant than that of any other shipping in the world. In the year 1860, before the outbreak of our Civil War, the two great divisions of our merchant marine were almost equal. There was in 1860 a total American tonnage of 2,379,396 registered for the foreign trade and a total of 2,644,867 enrolled or licensed for coastwise commerce. The over-seas branch of our merchant shipping—the registered tonnage—decreased with some fluctuations to a minimum of 726,213 in 1898, and then rose with some fluctuations to 1,066,288 in 1914. But the coastwise branch of our merchant shipping-the enrolled or licensed tonnage-advanced to 6,818,363 in 1914. In 1860 only a little more than one-third of the coastwise tonnage consisted of steam vessels, while in 1914 far more than two-thirds of the coastwise tonnage consisted of steam vessels. Assuming that one ton of steam shipping is as efficient for carrying purposes as three of sail shipping, the tonnage efficiency of the American coast-wise fleet has increased from 4,000,000 in 1860 to 16,000,000 in 1914—a fourfold expansion, or a gain in coastwise tonnage far greater than the growth in the country's population, which has been about threefold in the same period.

This enormous growth of the coastwise shipping of America is all the more significant because it has occurred during an era of unexampled expansion of the great railroad systems of the United States, with a large part of which the coastwise shipping directly and sharply competes on the Great Lakes and on

the Atlantic and Pacific Oceans. It is manifest, therefore, that there is not the shadow of an excuse for government ownership and operation of merchant shipping so far as American coastwise shipping is concerned. This coastwise industry has splendidly justified the protective policy with which the fathers of the Nation surrounded it, and has abundantly met the needs of the American people.

#### WHY THE OVER-SEAS FLEET HAS DWINDLED.

The records of American over-seas shipping tell a very different and unhappy story. When the European war broke out in 1914 our total registered tonnage, as has been said, was only 1,066,288, or less than one-half of the 2,379,396 tons of 1860 and only a little greater than the 981,019 tons of 1810; that American over-seas fleet of the year 1810 conveyed 91 per cent of American imports and exports, while the fleet of 1914 was conveying only 8.6 per cent of our imports and exports, leaving a monopoly of more than 90 per cent of our own ocean carrying to the ships of foreign nations.

And here, Mr. President, I will take occasion to suggest that the records of American shipping, the over-seas and coastwise shipping of this great country, conclusively prove that if there is any need of an addition to the fleets of the United States, it is in the over-seas trade. The coastwise trade has all the ships it needs. It has given 4,000,000 tons of shipping to the over-seas trade during the past two years; and why any Senator who examines the record on this question should think it necessary to invade the coastwise shipping surpasses my comprehension. The ships will not be needed. If they are put into that trade they will displace ships already there, built by American capital in American shipyards, owned and navigated by citizens of the United States.

The reason for this singular disparity between our coastwise shipping and our over-seas shipping in the last 60 years—for the unexampled growth of one branch of our merchant marine and the appalling decrease of the other branch—may be summed up in the single phrase that, one was protected and the other was not. This fact is the real heart of the problem to-day of the American merchant marine. In the beginning the record of history shows that both the coastwise fleet and the over-seas fleet were liberally protected and encouraged by the National Government. At the same time when Washington, Adams, Jefferson, and Madison barred foreign ships out of the coastwise trade by heavily discriminating tonnage taxes, they took effective action to encourage American ships in the over-seas trade of the United States. By an act of July 4, 1789, a discount was allowed of 10 per cent of the tariff duties upon imports brought to this country in ships built and owned by American citizens, and by act of July 20, 1789, these same fathers of our Nation provided that American-built ships, owned by American citizens, should enter our ports with the payment of tonnage duties of 6 cents a ton, while 30 cents a ton were demanded from American-built ships owned by foreigners and 50 cents a ton from foreign ships built as well as owned abroad.

When this vigorous American maritime policy was adopted foreign shipping controlled our over-seas commerce almost as completely as at the present time. In 1789 American shipping registered for over-seas traffic amounted to only 123,893 tons, carrying only 23.6 per cent of our imports and exports. The stalwart protectionism of Washington, Adams, Jefferson, and Madison bore such prompt results that by 1800 American shipping registered for foreign commerce had increased to 667,107 tons, and the proportion of American imports and exports carried in American vessels had grown to 89 per cent. Discriminating duties and tonnage taxes had proved a successful declaration of maritime independence.

Under that policy American shipping continued to grow, even under the handicap of the Napoleonic wars and grievous impressment and embargo, up to the second war with England. At the end of that war, in the framing of commercial agreements where the United States was hopelessly overreached by the more wily and experienced diplomacy of Europe, the preferential policy of Washington and his compeers was set aside in favor of British ships trading directly between the United Kingdom and the United States.

Similar offers were made—unwisely, as it proved—to other maritime nations, but the preferential policy of 1789 remained in partial force, because our mistaken reciprocity was not immediately and generally accepted until the year 1850. Thus there was protection for American shipping in East India commerce, for example, against the British ships that were our most formidable competitors, until the wonderful development of the trade to California, the Crimean war, and other temporary causes gave the American merchant marine a powerful

impulse in the first half of the decade preceding the Civil War. It is significant that when these temporary causes lost their effect and American over-seas shipping became for the first time virtually an unprotected industry the tonnage built in American shippards fell off in a very swift and startling manner from 583.450 tons in 1855 to 156,602 tons in 1859 and to 214,797 tons in 1860.

It is often asserted, but it is not true, that the decline of American ocean shipping began with and was almost wholly caused by the Civil War of 1861 to 1865. That decline had begun before the Civil War. In 1845 and 1847 Congress, on the recommendation of Democratic Presidents, had granted mail subsidies, after the British example, to American steamship lines running to Europe, the West Indies, and the Isthmus of Panama. For a time American steam shipping registered for foreign trade increased more rapidly than British steam shipping-or, from 16,068 tons in 1848 to 115,045 in 1855. In one year, 1849-1850, the gain of American ocean steam tonnage was 113 per cent. American steam shipowners were as successful, so long as they received the encouragement of mail subsidies, as they had been in the building and operation of packet and clipper sail ships, and American steamers held the record for size, power, and speed on the great routes of the North Atlantic. But for reasons associated with the sectional quarrel between North and South that preceded the Civil War, the mail subsidies were reduced and finally withdrawn by Congress, and the American steamship services which ran out of northern ports were one by one abandoned before the firing on Fort Sumter.

#### OCEAN MAIL THE ONLY AID.

Since 1860 the American merchant marine in over-seas trade, as contrasted with the shipping in the coastwise trade, has been an absolutely unprotected industry except for the small encouragement given by the ocean-mail law enacted in 1891. This law grants to American steamships carrying the United States mails under contract with the Post Office Department a rate of compensation fixed according to speed. It has maintained for many years a weekly American mail line to Europe, which has proved of immense value to American commerce in the emergency of the present war, and other American lines to the West Indies, Mexico, and near-by ports of South America—and for most of the time in recent years a line across the Pacific to Australia.

Except on these four or five postal routes, American shipping in ocean trade has had no aid or protection whatever from the Government of the United States. As successive in-quiries have always shown, the cost of building and operating an American ship, because of the higher wage scale and standards of living in the United States, has been substantially as much greater than the cost of building and operating a foreign ship as the cost of building and operating an American factory is greater than the cost in the case of a similar European factory. The protective tariff has compensated American manufacturing for this difference, but except in the case of the few ocean mail lines there has been no similar compensation for American shipbuilders, owners, and seamen. American shipping in the over-seas trade has remained since 1860-except on these postal routes-the only important American industry exposed to foreign competition and unprotected by our national laws. Other governments without exception have protected and encouraged their ocean shipping in some form or degree by mail subsidies or subventions or by tonnage subsidies or by bounties to shipyards or by preferential railway rates or the use of Government credit or Government favor in some other effective fashion. The lower wages and cost of maintenance of all foreign ships and the subsidies or other aids of some foreign ships have been allowed to drive the American flag almost entirely from the great trade routes of the world.

The American people are second to none in their native genius for shipbuilding and navigation. The growth of our Navy, the building of it and the manning of it by Americans have shown what could be done by men of our race under favorable conditions. The immense increase of the protected coastwise shipping, without an equal in the world, has also demonstrated the capacity of the builders, owners, and sailors of the United States, on the Great Lakes and on the ocean. In the protected coastwise and lake trades and on the ocean mail routes, capital and ships and officers and men have been forthcoming. It is only where Americans, unprotected, face a hopeless competition with the low wages or the subsidles and their equivalent of Europe and Japan that the Stars and Stripes have failed to hold their own. If private capital and enterprise have failed in the development of an over-seas fleet in the United States, it is simply because they have had no chance, they have had no protection and encouragement, they have not had a fair and equal opportunity.

Now, it is the irony of fate that the one American industry that has for many years been unprotected, that has had no chance under the national policy since the years before the Civil War, should be faced with the threat of Government ownership and operation. Just as the policy of this Nation, unlike the policy of any other maritime nation in the world, and unlike our own policy toward all other industries, has neglected and starved the over-seas shipping of this country, so this Government-ownership bill proposes to kill and extinguish what is left.

# A BILL FOR DISCOURAGEMENT AND DESTRUCTION.

Instead of "encouraging, developing, and creating a merchant marine to meet the requirements of the commerce of the United States," this proposed bill, in its effects upon our over-sens shipping, in its Government ownership and operation, and in its minute regulation of rates, is a scheme for discouragement and destruction.

A corporation or corporations, in which the United States is to be the majority stockholder, the total capital stock not to exceed \$50,000,000, are provided for in section 11 of the bill to build, buy, lease, charter, and operate merchant vessels in the commerce of the United States. Such corporation or corporations are to be dissolved at the end of five years from the conclusion of the present European war. Thus the operation of merchant ships by the United States is to be made a temporary expedient, and there is a further limitation that these Federal shipping corporations shall not operate any vessel "unless the shipping board shall be unable after a bona fide effort to contract with any person a citizen of the United States for the purchase, lease, or charter of such vessel under such terms and conditions as may be prescribed by the board."

These limitations are made a matter of much merit by the advocates of the proposed legislation, who are apparently afraid of their own expedient when they are brought actually face to face with it. But five years after the conclusion of the present European war may be a long time in the future-long enough to give a quietus to American enterprise in the over-seas trade of the United States. And in that trade at least the provision that the Government shall not operate ships unless private capital will not undertake it is nothing less than meaningless. is known to all men that American shipowners have not been able to operate ships under the American flag in the foreign trade of the United States except on the mail routes, where a postal subvention has been paid, or in some other exceptionally

favored service. Presumably they will not be able to do this when normal conditions have been reestablished.

The reasons for this inability of American shipowners to compete with foreign shipowners are also known to all men. built on a higher wage scale and in smaller numbers in American shipyards cost more to construct than in the shipyards of Europe and Japan, all of which have low-paid and yet experienced and efficient labor, and some of which have the additional advantage of direct bounties from their Governments. But even when foreign-built ships are admitted to American registry, as provided in the Panama Canal act of August 24, 1912, and the emergency shipping act of August 18, 1914, American operation is still handicapped by the higher wage scale of the officers and men and other factors that make the maintenance of American ships more expensive.

Thus, W. R. Grace & Co., of New York, have reported early in this war that wages and food on a given steamship under the American flag amounted to \$2,773 a month as compared with \$1,991 under the British ensign. Nine steamers of the United States Steel Corporation transferred to the American flag paid \$17,537 a month in wages to their crews under American registry as compared with \$12,478 a month under British registry.

In addition, certain steamships under all foreign flags receive postal or other subsidies or bounties amounting annually to about \$50,000,000. These and other forms of national encouragement are an added handicap upon American vessels in certain services, and of course are instantly forfeited if the foreign ships in question are acquired by American merchants and brought

beneath the Stars and Stripes.

beneath the Stars and Stripes.

Low foreign wages and standards of living and foreign subsidies or their equivalent, not met by any similar aid under our own flag had well-nigh driven American shipping from the over-seas trade of our own country before the war began. These factors in a greater or less degree will inevitably reassert themselves when the war has ended. American shipowners then can not compete on even terms with their foreign rivals unless there is some change in our national maritime policy.

Under this bill, if enacted in its present form, the United

States will then impose a new and heavy competition, and American capital and enterprise in ocean trade will have to face

the wealth and power of the Federal Government. Between foreign low wages and foreign subsidies and bounties on the one hand and the Federal Treasury on the other it is not difficult to imagine what will become of the present American merchant marine in over-seas commerce-a marine that has risen since the war opened to 2,000,000 tons, 50 per cent larger than the entire fleet of France and almost equal to the large fleet of -

#### A BAD SUBSIDY IN DISGUISE.

This proposed bill has been advocated as a substitute or alternative to subsidy. It has been accompanied by much de-nunciation of subsidies as unwise, unjust, and extravagant. Yet the bill is nothing more nor less than a very bad subsidy measure, grossly unfair, and ill-disguised. A subsidy may be granted frankly to all vessels performing real commercial service, or may be restricted to vessels of a stipulated speed and power performing certain special service, under contract awarded to the lowest bidder by the Government. The subsidy bills that have recently been before the Congress have all been of one form or another-chiefly of the latter form, confined to postal and auxiliary naval services. Such subsidy legislation, whatever may be the merits or demerits of the policy, has all aimed to embody at any rate a certain recognition of the principle of fair and even play for all concerned.

But the proposed bill is guilty on the face of it of the very worst evil of which subsidy legislation has ever been accused. It is a bill of rank favoritism and partiality. It creates in these Government owned and operated ships, that alone after the war can be maintained under the American flag in foreign trade, a special fleet singled out for Government support that is summarily denied to all private-owned American ships, whose owners with unusual vigor and courage have kept them afloat in ocean commerce in the face of Government neglect and grave

economic disadvantages.

If this proposed bill is enacted, nobody will be able to own and operate American ships in over-seas commerce but the Government itself. These Government-owned ships will not be openly, but they will be none the less surely, subsidized by the Treasury of the United States. That \$50,000,000 fund will provide the resources. No Government ship will be allowed to fail. If there is a deficit in its year's operations, due to unequal competition with foreign vessels that cost less to man and maintain, and in some cases enjoy foreign subsidies also, that deficit will be quietly made up out of the \$50,000,000 fund. If a regular Government steamship service to South America comes out of the year owing the \$500,000 which might have been a proper subvention for carrying the United States mails, the subvention will be paid out of this same fund without invoking a special

act of Congress.

"But this subvention paid by the United States will go back to the United States Treasury," say the advocates of the scheme. Not necessarily. If there is any profit, almost half of it will go to the private investors, who may hold 49 per cent of the capital stock of the Government shipping corporations. Thus the proposed bill, with its loud protestations of single-minded devotion to the public weal, actually creates not only a small special class

of subsidized Government-owned ships but a small favored class of subsidized shipowners, partners of the Government.

It is urged that under this bill if it becomes a law the United States will not enter into competition with private American capital on routes in foreign trade where regular American steamship lines have already been established. Let us assume that this will prove true; there is no assurance and there can be no assurance whatsoever that the Government-owned freight vessels of the "tramp" or general cargo type will not compete with the same class of private-owned American vessels all over the world. Fifty million dollars at present prices will provide perhaps 75 moderate-sized "tramp" steamers. The duty of these vessels is to go wherever there is a cargo to be carried. Under normal conditions the Government-owned "tramp," because it is virtually subsidized in being guaranteed against loss in any service, can invariably underbid the private-owned American "tramp," which is thereby completely driven from the field. Thus the American owner of a general-cargo steam-ship, already fighting hard against the cheap-wage foreign craft, will find himself under this bill confronted by a new and formidable antagonist-his own Government.

This is a matter of much importance at the present time, for within a few years a considerable fleet of "tramp" or general-cargo steamers has appeared under the flag of the United States. Many such craft have been built in American yards on lake or ocean. Others have been transferred from foreign registry under the act of August 18, 1914. This is a new and valuable evolution in the American shipping industry, but one particularly sinister result of the proposed bill would be to cripple if not destroy this new fleet, so essential to the prosperity of American farmers, miners, and lumbermen, whose products these ships are especially adapted to convey to distant markets.

It is a fact well established by testimony before committees of Congress that the introduction of this bill and the menace of Government ownership and operation embodied in it have discouraged the building of other American cargo steamers of this useful type, and have, therefore, instead of "developing" a merchant marine, distinctly prevented a gain which would otherwise have resulted from the efforts of private capital and enterprise. These cargo vessels, designed primarily for the protected constwise traffic, are adaptable also for foreign voyages wherever there is need. Most of these already launched are now, and in these war years have been, engaged in over-seas service, transporting grain, cotton, provisions, coal, and lumber to all quarters of the world. A list published on July 19 by the Department of Commerce showed 196 American steamers, nearly all of the general-cargo or tank type, engaged in trade with South America, Europe, Africa, and Asia. (Commerce Reports, No. 168, pp. 227–229.)

#### REGULATION OF RATES.

No government of a maritime State in time of peace or of normal conditions has ever attempted to enforce the regulation of water-borne freight rates in the manner proposed in this bill. During the present war, because of the abnormal conditious which have accompanied it, some foreign Governments have endeavored to restrict freight rates, just as they have endeavored to restrict the prices of certain articles of merchandise. But these are all confessedly emergency measures—war measures-while this bill would make the regulation of shipping rates a permanent policy of the United States.

There can be no objection to prohibiting discrimination or extortion or other unfair practices in water-borne commerce, but these objects can be accomplished without forcing all common carriers, however small, to file their maximum charges and abide by them. In fact, the authors of this bill have shown sufficient respect for the sensibilities of foreign Governments and the comfort of foreign shipowners to exempt common carriers in over-seas trade, chiefly of foreign nationality, from the drastic requirement, enforced in full rigor upon American carriers in domestic commerce, of filing and keeping open for inspection all their "maximum rates, fares, and charges," which can not be increased except with official approval and after 10 days' notice. It is worthy of more than passing note and consideration that the great, wealthy, and powerful European steamship corporations, sustained by the subsidy or equivalent assistance of their Governments, which have long monopolized nine-tenths of the over-seas carrying trade of the United States, are discreetly released from compliance with these particular exactions which the framers of this bill impose upon the American owners of the humble alongshore carriers of our Atlantic and Pacific seaboards.

This filing of rates for Government inspection and regulation can be most easily complied with by the corporations operating regular-line passenger and freight services. They have, as a rule, their established schedules, while the all-cargo ships in the coast trade as a rule have had no fixed rates, but have actively competed with each other all the time for the carrying of any given merchandise, the business going to the lowest bidder, whoever he may be. Most of the inconvenience and loss attending this wholesale effort to regulate all American domestic waterborne freight rates from Washington will fall upon the thousands of smaller ships and the thousands of smaller shipowners whose vessels perform the great bulk of our coatwise carrying.

But even if the regulative system proposed were honest and equitable, bearing equally on the great corporation controlling a considerable fleet and the individuals of modest means who own in small shares one, two, three, or four vessels, the policy of endeavoring to regulate water-borne commerce in the same minute way in which railroad commerce is regulated must be open to very serious question in the minds of thoughtful men. There has certainly been no general complaint that coastwise freight rates on lake and ocean in America were discriminating or excessive. Such abnormally high rates as the European war has brought about have been in foreign or international and not in American domestic commerce. Our water-borne coastwise rates have all the time compared very favorably with the competing rail rates, and especially in the case of bulk cargoes on the Great Lakes have been classified as among the lowest, service considered, in the world. It is difficult to understand how the framers of this bill can justify their course in dealing so sharply with their own people and so leniently with foreign

LAND AND SEA CONDITIONS DIFFERENT.

But any kind of regulation of water-borne traffic demands the most careful consideration, because of the vital difference in conditions between land and water carrying. A railroad has an exclusive right of way, the paralleling of which by a competing line is not an easy undertaking. But there can be no such thing as an exclusive right of way upon the broad surface of lake or ocean. Another ship or ships may appear at any time and underbid any ship or ships that may seem to have an established service. Cargo "tramps," of course, are competing all the time for transportation of almost all kinds of merchandiseships that, like nomads, are here to-day and there to-morrow. A ship can not be subdivided, as a freight train can, into any number of units that may be required for the accommodation of the exact amount of freight to be handled at any given time. It is the habitual practice of water carriers everywhere to make a quick low rate to secure a tonnage that may be necessary to give a partly loaded ship the requisite stability or sea-worthiness, nor can such a sudden change of rate rightly be re-garded as "discriminative."

All the Governments in the world have instinctively recognized that the fluctuating conditions of ocean trade demand that water-borne commerce be kept as free as possible from all restrictions except those pertaining to safe navigation. As in the matter of Government ownership and operation, so also in this other matter of minute rate regulation the proposed bill marks a violent departure from the long-accepted practice of the maritime nations whose success has been most conspicuous and enduring. Like the feature of Government ownership and Government competition, this rate regulation imposes a new and heavy burden upon the American merchant marine, discouraging it and by so much encouraging its carefully fostered foreign competitors. Europe and Japan need have no occasion to dread the growth of a vigorous merchant shipping under the flag of the United States, so long as repressive policies like these are de-

liberately advocated by American lawmakers.

It is not remarkable, Mr. President, that that great London newspaper from which I quoted felicitates itself upon the fact that President Wilson is going to force through the Congress of the United States a law of this kind.

#### A DEADLY ATTACK ON COASTWISE SHIPBUILDING.

Nor are these the only directions in which the proposed bill is directly and bitterly hostile to the future of the American merchant marine. Section 9 of the bill as amended by the majority of the Committee on Commerce strikes at the life of American shipbuilding by freely opening to foreign-built vessels for the first time in our national history the entire coastwise trade of the United States on lake or ocean. The bill as reported from the Committee on the Merchant Marine and Fisheries and passed by the House recognized the peculiar importance of reserving to American labor the construction of the ships destined to convey our American home trade, and barred from this trade all foreign-built vessels, even if owned and operated by the Government. But the patriotism and fairness manifested in this provision are utterly ignored in the bill as reported to the Senate, which admits to the entire coastwise trade not only all foreign-built vessels owned or operated by the Government but all foreign-built vessels which the Government may sell, lease, or charter to private individuals or corporations.

The policy of reserving the home trade of the United States to home-built vessels, as has previously been said, was deliberately adopted by the wise founders of our Government because of broad considerations of prudence, as is suggested in these words of Jefferson himself:

Words of Jefferson himself:

To force shipbuilding is to establish shipyards, is to form magazines, to multiply useful hands, to produce artists and workmen of every kind who may be found at once for the peaceful speculations of commerce and for the terrible wants of war. \* \* For a navigating people to purchase its marine affoat would be a strange speculation, as the marine would always be dependent on the merchants furnishing them. Placing as a reserve with a foreign nation or in a foreign shipyard the carpenters, blacksmiths, calkers, sailmakers, and the vessels of a nation would be a singular commercial combination. We must, therefore, build them for ourselves.

Mr. Pessidont these are the words of Thomas Jofferson, the

Mr. President, those are the words of Thomas Jefferson, the patron saint of the Democratic Party, but the Democratic Party in the year 1916 has evidently forgotten those words and is proposing to do precisely what Jefferson declared would be a "strange speculation," passing over the building of ships to for-eign Governments rather than encouraging the shipyards of our own country.

Washington's foresight, Jefferson's wisdom are thrown to the winds by the majority of the Committee on Commerce, who propose the destruction of the policy of the Fathers of the Republic through this new expedient by which foreign-built vessels purchased and operated by the Government or purchased

by the Government and transferred to private firms and corporations can be introduced in wholesale fashion into the gen-

eral coastwise trade of the United States.

Two years ago a similar attack upon the historic maritime policy of this country was proposed to the Senate, in an amendment to the emergency shipping bill at the outbreak of the European war, admitting foreign-built ships to American coastwise commerce. After some days of enlightening debate, the amendment was defeated on August 17, 1914, by a vote of two to one, a majority even of the Democratic Senators finally recording themselves in the negative, after earnest protests against the amendment had been received from the chambers of commerce and boards of trade of the principal seaports of the country and from thousands of skilled mechanics employed in American shipyards. What new light have Democratic Senators seen since then?

The situation has not changed since 1914, except that the largest fleet of ocean-going steel steamships on record is now under construction in this country-195, of a total of 1,037,000 tons. (Commerce Reports No. 173, July 25, 1916, pp. 310-311.) Not even the poor pretense that ships can not be had and are not being built in this country is now left to the champions of this extreme free-trade expedient.

#### AMERICAN AND FOREIGN SHIPYARD WAGES.

Under normal conditions before the war it was a well-established fact that the cost of ship construction was greater in the United States than in Europe or Japan. This higher cost was placed in the report of the Merchant Marine Commission at 37 or 47 per cent on the average. (Report of the Merchant Marine Commission, vol. 1, p. 8.) The difference was due not to steel or to other materials, which as a rule were no higher in price in this country than abroad, but to the far higher range of American wages-higher by from 60 to 100 per cent-and also to the fact that foreign shipyards as a rule were kept more constantly employed and were thereby enabled to standardize their output and to achieve the economies that attend a large and steady volume of production.

Because of the war and its consequences the cost of foreign shipbuilding has increased to a point where it is comparable with the cost in the United States, but it is not believed anywhere by well-informed, practical men that these conditions will remain when the war has ended. For the present, and perhaps while the war lasts, it is not likely that the Government would find it advantageous to purchase foreign vessels and employ them in the coastwise trade or sell them to private shipowners or corporations for the same purpose. Indeed it is not probable that for-eign vessels could now be secured at any price unless "interned" craft of belligerent flags were first sold to individuals or corporations of neutral nationality and then retransferred to our Government.

But nothing can be more certain than that when the war has ceased foreign-built vessels will be pressed upon the Government for employment in the foreign trade at prices which will admit of no American competition. Take Japan, for example. Her shipyards have had an extraordinary development. Her mechanics will work for 40 or 50 cents a day. All the ships produced by her yards are generously subsidized, and in addition a direct bounty, which has been in the neighborhood of \$12 per ton, is provided for all new construction. Under these circumstances there is no room for conjecture as to what would inevitably happen, with free foreign-built ships provided by our Government in the coastwise trade, to the shipyards of the Pacific seaboard of the United States, including the yard that launched Admiral Dewey's flagship Olympia and the still more famous Oregon. All the Pacific coast shipyards, and the same fact is substantially true of the Atlantic coast shipyards, have been kept in existence for many years only by the demands of the coastwise trade, eked out by some spasmodic naval con-

If the cheap wages, the bounties, and the subsidies of Europe and Japan can draw even this coastwise construction from American shipyards, the end of ocean shipbuilding in the United States is near and certain. And with the closing of these shipyards would vanish our ability to construct our American ships of war, except as the meager and already overtaxed facilities of a few Government navy yards could supply

Therefore section 9 of this bill, in the amended form in which it has been reported by the majority of the Committee on Commerce and is before the Senate, not only imperils the life of every American ocean shippard but aims a deadly blow at the national defense. It is a proposal of incalculable value to foreign nations and of incalculable injury to our own,

If there were no other objection to the proposed bill, this section 9, with its violent attack upon the very foundations alike of the American merchant marine and of the American Navy, would demand the condemnation and defeat of the measure which thus assails the dearest interests of the American people.

NO LACK OF COASTWISE SHIPPING.

For the Government purchase and operation of foreign-built and other ships in the over-seas trade of the United States, the chief plea has been a lack of private-owned American vessels for the purpose. "American capital can not and will not." country has been told, "buy or build ships for foreign commerce," and therefore the Government must undertake it. This plea is a poor, insincere one at best, for it ignores the very definite reasons why American capital in this international trade can not unaided compete with the lower wages, lower standards of living, and often the subsidies, bounties, or equivalent assistance of foreign Governments.

But so far as regards the protected coastwise trade of the United States, even this plea, poor as it is, is utterly impossible. American private capital, skill, and labor have gone into the coastwise trade of the United States on lake and ocean in such abundance and with such effect that the coastwise tonnage of this country is incomparably the largest and most efficient in the world. Up to the outbreak of the present war there was not, and could not be, the slightest pretense of any lack of American coastwise tonnage. Our enrolled and licensed shipping on June 30, 1914, amounted to 24,538 vessels, of an aggregate of 6,852,536 tons. The entire merchant shipping of the German Empire at that time, a month before the war, amounted to 5,459,296 tons, according to Lloyd's, and our domestic fleet was equal to the total tonnage of France, Norway, and Italy

A proposal to force Government ownership and operationincluding both Government and favored private ownership of foreign-built ships-upon the great American coastwise trade. which has grown beyond the growth of the country and met every demand of the domestic commerce of the American people, strips the mask off this proposed legislation and exposes the real purpose of its authors to compel at any cost a desperate experiment in State socialism, of a kind and degree unheard of among the nations of the world. This purpose is still further emphasized by the fact that while the bill as passed by the House permitted Government ownership and operation of even American-built ships in domestic trade only with the noncontiguous possessions of Alaska, Hawaii, and Porto Rico, and there only if the shipping board found such trade is not being adequately served by a regular line or lines of vessels, the bill of the majority of the Committee on Commerce now before the Senate provides for Government ownership and operation of both American and foreign built vessels in the whole coast trade indiscriminately-subject, indeed, to the stipulation of uncertain value that the Government itself shall not compete unless after a bona fide effort it can find no individual, firm, or corporation willing to purchase, lease, or charter a given vessel under terms and conditions which the Government prescribes.

A SHIPPING BOARD.

To one feature of this bill, providing for the establishment of a Federal shipping board, there can in itself be no objection. It is probably true that the usefulness of such a board is increased by the omission from it, in the Senate form of the bill, of two already busy members of the Cabinet who would not necessarily have any direct personal acquaintance with maritime problems or conditions. This board is intrusted in section 13 with the authority to investigate in a broad way the whole question of the merchant marine in the foreign trade and of the navigation laws of the United States. But all promise of large beneficent results from such an investigation, undertaken in the proper spirit, is nullified in practice by those other sections of the bill which compel the board to direct the Government ownership and operation of merchant ships through Federal corporations, and so forth, and the minute regulation of the freight rates and practices of common carriers.

If the regulation of the rates and practices of railroads has overtaxed the powers of the Interstate Commerce Commission, how can this new board be expected not only to perform the same detailed, laborious work toward shipping, but at the same time be responsible for the purchase, maintenance, lease, charter, and sale of merchant ships and an examination of the whole vast subject of our navigation laws and policies? It must be manifest that the new board is hopelessly overloaded at the very outset. Inquiry into our maritime industry, its strength and its weaknesses, with a view to recommending sound and effective legislation and a well-defined supervision of the merchant shipping of the country, would be a sufficient task to set for five commissioners of large ability and experi-

Government ownership and operation, minute regulation of freight rates, and an "entering wedge" of foreign invasion of our coastwise commerce make the entire bill obnoxious to the spirit of American fair play and destructive of hope of American shipbuilding and navigation. Such a proposal at this critical hour in the affairs of our own and of other nations demands the united opposition to the very last of all who honor the wisdom of the fathers of our Government and believe in the principle of protection to every great national industry, alike on land or sea.

Mr. President, in connection with my remarks I ask to have printed as an appendix the very interesting and instructive report of the special committee on merchant marine of the Boston Chamber of Commerce.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

REPORT OF THE SPECIAL COMMITTEE ON MERCHANT MARINE OF THE BOSTON CHAMBER OF COMMERCE.

REPORT OF THE SPECIAL COMMITTEE ON MERCHANT MARINE OF THE BOSTON CHAMBER OF COMMERCE.

A concise account of the rise and decline of our over-seas shipping industry is helpful to a right understanding of the present-day problem of the American merchant marine. This problem relates wholly to that part of our merchant marine that is engaged in the external trade of the United States—the trade with the ports of foreign nations. The home trade of the United States on ocean, lake, or river has been reserved to American vessels ever since the founding of the Federal Government. Under this policy our coastwise tonnage has grown steadily from 68,607 in 1789 to 6,852,536 in 1914. This is incomparably the greatest coastwise shipping in the world, greater than the entire coastwise and over-seas tonnage of France or Norway, and fourfold the tonnage of Japan. American coastwise navigation is a well-developed and reasonably prosperous business, a trade of vigorous competition, dominated by no trust or monopoly, and steadily and swiftly growing. It needs no more national encouragement, and it asks none.

But with the shipping registered for trade overseas it is very different. Normally, this should be by far the larger proportion of our merchant marine; actually, it has shrunk to such relative insignificance that on June 30, 1914, one month before the outbreak of the European war, our shipping registered for foreign commerce amounted to only 1,066,288 tons, or less than one-sixth of our home-trade shipping. More than a century ago, in the year 1810, the United States, with only one-fourteenth of the population of to-day, had 981,019 tons of shipping registered for foreign commerce, and was carrying under its own fing 91.5 per cent of its own imports and exports. In the fiscal year 1914 American ships conveyed only 8.6 per cent of our imports and exports.

exports.

This very great expansion of our coastwise shipping, even against the intensifying competition of the railroads, stands in sharp contrast with the long decline of our over-seas shipping, and is manifestly to be explained by the fact that in the one trade it is American against American, with substantial equality in wages and other conditions, while in the other it is American against foreigner, with the over-whelming advantage of lower wages and requirements and certain powerful forms of national assistance on the foreign side.

whelming advantage of lower wages and requirements and certain powerful forms of national assistance on the foreign side.

\*\*EARLY SHIPPING LAWS.\*\*

Though Americans of the colonial period won success as shipbuilders and seamen, the effect of the Revolution was such that at its end, in "the critical period of American history," most of our over-seas carrying trade fell into the hands of British shipowners. Our entire merchant fleet registered for foreign commerce amounted to only 123,893 tons in 1789, and only 23.6 per cent of our own trade was being conveyed in American vessels. In other words, the condition of the ocean shipping business of this country, when the Federal Constitution was adopted and Washington became the first President, was not very unlike its condition at the present time.

\*\*Washington, Adams, Jefferson, and Madison all joined in urging Immediate relief for the merchant shipping industry, and the very first act of the First Congress under the new Constitution, passed on July 4, 1789, "for the support of the Government, the discharge of the debts of the United States, and the encouragement and protection of manufactures," contained an important clause allowing a discount of 10 per cent of the tariff duties on all goods imported in ships built and owned by American citizens. Moreover, on tea imported direct from the East Indies in American vessels a further and far heavier rebate was provided, and the third act of this new Congress, on July 20, 1789, gave American vessels a marked preference in tonnage duties and virtually barred foreign vessels from the coastwise trade. In 1794, in place of a discount of 10 per cent in the tariff duties on goods imported in American vessels—a change of method, but not of principle. There was no sectional or party division over this early legislation for the encouragement of the American merchant marine. Thomas Jefferson, of Virgina, then Secretary of State, wrote in 1794, "To force shipbullding is to establish shipyards; is to form magazines; to multiply us

#### SUCCESS OF THE PREFERENTIAL DUTIES.

These laws of the founders of our Government, so frankly and strongly preferential to American shipping, instantly destroyed the British monopoly of three-quarters of our ocean carrying. As a historian of the period has well said, "The growth of American shipping from 1789 to 1807 is without parallel in the history of the commercial world." American tonnage registered for over-seas commerce increased at once from 123,893 in 1789 to 346,254 in 1790, 363,110 in 1791, and 411,438 in 1792. It was at this time and under this policy that Boston and Salem laid the foundations of their great East India commerce. The proportion of our fotal imports and exports carried in American ships rose from 23.6 per cent in 1789 to 40.5 per cent in 1790, to 55.9 per cent in 1791, and to 64 per cent in 1792. By 1795 no less than

90 per cent of our commerce was conveyed in American vessels. Foreign flags, which a few years before had dominated our commerce almost as completely as they do to-day, well-nigh vanished from our ports of the North Atlantic. In 1800 there were 667,107 tons of American shipping registered for over-seas voyages, and in 1810, 981,019 tons.

This wonderful growth of our ocean fleet was achieved in spite of European impressment and embargo through the power of wise laws which made it advantageous for American merchants to employ American vessels whenever they had occasion to bring goods from foreign lands—and preferring these ships for the import trade, they naturally utilized them for the export trade also. Thus assured of constant employment, American shipowners, building many vessels in succession from the cheap and abundant timber of the Atlantic coast, developed models that combined capacity with speed, and American officers and crews navigated them with the utmost skill and daring. National encouragement of this maritime industry had quickly produced a smartness and efficiency, the like of which the world had never seen.

MISNAMED "RECIPROCITY" AND ITS RESULTS.

So confident had our statesmen grown of the superiority of American

and efficiency, the like of which the world had never seen.

MISKAMED "RECIPROCITY" AND ITS RESULTS.

So confident had our statesmen grown of the superiority of American ships under any circumstances that in a commercial convention with the British Government, framed shortly after the end of the naval war of 1812-1815, the United States withdrew its preferential duties as against British ships in the "direct" trade with the United Kingdom. Moreover, under pressure from inland and agricultural interests our Government, through commercial treaties and acts of Congress, gradually withdrew the shipping preference from other trades, though this was not completely effective until 1850, against our chief competitor, Great Britain. These "reciprocity" acts were passed in the face of the earnest protests of the merchants and shipowners of the coast, who best understood the situation.

American shipping continued to grow slowly up to the Mexican War period, but there was not again such a marvelous expansion as that of 1789-1810. In 1832 a tonnage of 614,121 was registered under the flag of the United States, carrying 83.1 per cent of our imports and exports; in 1845, a tonnage of 904,476, carrying 81.7 per cent. Foreign vessels were figuring more largely in our over-seas trade, but, on the other hand, our ships were conveying a part of the trade of other nations.

Just how reciprocity on the sea would have resulted in the long run can not be known, for it soon proved that it was not real reciprocity at all, but something very different and delusive. The United States in entire good faith, in the years between 1815 and 1850, entered into commercial agreements with foreign Governments that ships of either nation should be admitted on terms of equality into the ports of the other words, the preference or encouragement which Washington, Adams, Jefferson, and Madison had given to American shipping was step by step abandoned. One result was that British ships, manned at lower wage scale, increased nearly 400 per cent in our ow

RIFITSH SUBSIDIES TO STEAMSHIPS.

This was while the competition was with sall ships, wooden built, on either side. But just before 1840 the British Government began to invoke a new form of encouragement. In 1834 a subsidy of \$85,000 a year was given to the Rotterdam and Hamburg steam packets of a British company, and another subsidy of \$150,000 to the packet service to Gibraltar. These British royal payments were found to be so valuable in their influence on the new art of steamship and engine building in the United Kingdom that in 1838 another and much larger subsidy was offered for a British steamship service across the North Atlantic. In the year following a subsidy of \$425,000 a year was secured by Samuel Cunard for a steam line from Liverpool to Halifax and Boston. "It is beyond question," declares James Russell Soley, the historian, "that the sum paid to the Cunard Co. in its early days, amounting to about 25 per cent per annum on the cost of the running plant, and subsequently increased to \$550,000, to \$750,000, and to \$850,000, was clearly a subsidy; that it was given with the plain intention of establishing firmly in English hands the trans-Atlantic traffic, and that it accomplished the desired result."

Other British subsidies quickly followed the Cunard—to the Royal Mail Steam Packet Co., for lines to the West Indies, Brazil, and Argentina: to the Pacific Steam Navigation Co., for a line to the west coast of South America (this was established by an American, William Wheel-wright, of Newburyport, who had first sought a subsidy in vain in Washington); to the Peninsular & Oriental, for lines to the East Indies; and to other companies in all quarters of the world. In a few years British subsidies totaled \$3,000,000 or \$4,000,0000 annually.

The United States had been outwitted by British diplomacy and statesmanship. First, the preferential policy of Washington and his colleagues had made American shipping the most prosperous in existence. "That starred flag," the London Times lamented, "is now conspicu

#### AMERICA ADOPTS SUBSIDIES ALSO.

AMERICA ADOPTS SUBSIDIES ALSO.

This new departure did not pass unchallenged in the United States. It is almost forgotten now, but it is a fact of record that the American Government for a time resolutely met subsidy by subsidy and was brilliantly successful in the contest. It was an American, Fulton, who created the first efficient steamboat, in the Clermont of 1807. Steam craft came into immediate use on rivers, sounds, and bays here, and in 1830 appeared in the ocean coast trade. Ericsson, with his screw propeller, was rebuffed in England, but received and honored here, and in 1841 the first seagoing screw steamship was built for an American line from New York to Habana. At that period, when the Cunard subsidies began, the United States was clearly ahead of Great Britain in steam navigation. Moreover, ships had begun to be built of iron here; the Bangor, for example, for New England coast service, in 1844. American ingenuity and enterprise were as quick and competent to deal with steam as with sail, with metal as with wood. The idea that iron steamships could not be built in the United States before the Civil War is the invention of malice or of ignorance.

It is a profoundly significant fact that the initiative in the movement to meet British steamship subsidies by American subsidies was taken by southern men who were Democrats in national politics. Senator Thomas Butler King, of Georgia, was the pioneer. In 1841, soon after the first Cunard steamers had reached the United States, he began to advocate in Congress the granting of mail subsidies, no less liberal than the British, to put the American flag into equal com-

petition. "British statesmen." he said, "are resolved to monopolize the intercourse between America and Europe. Of all the lines of sail packets which cross the Atlantic not one is owned in Europe, and it is not to be doubted that American merchants, properly encouraged, will assuredly excel in them (steamship lines) as they have done in sailing

assuredly excel in them (steamship lines) as they have done in sailing vessels."

President Polk, a southern man and a Democrat, advocated subsidy legislation in his message to Congress. "The national policy," he said, "by which a rapid communication with the various distant ports of the world is established, by means of American-built steamers, would find an ample reward in the increase of our commerce and in making our country and its resources favorably known abroad "—but President Polk went on to argue that the national advantage was "still greater of having powerful steamships available for war," and "having the privilege of taking the ships already equipped for immediate service at a moment's notice." This, he declared, "will be cheaply purchased by the compensation to be paid for the transportation of the mail over and above the postage received. A just national pride, no less than our commercial interests, would seem to favor the policy of augmenting the number of this description of vessels."

THE COLLINS AMERICAN LINE.

#### THE COLLINS AMERICAN LINE.

number of this description of vessels."

THE COLLINS AMERICAN LINE.

So a southern Democratic President wrote, and a Democratic Congress acted on his recommendations, the project being supported by Members of Congress without regard to party distinction. A subsidy of \$200,000 was granted to a new American steamship line to Hayre and Bremen—less than half the sum paid to the Cunard line, and the American ships were larger. This was under the ocean mail laws of 1845 and 1847, by which additional American steamship services were established to the West Indies, the Isthmus of Panama, and up the Pacific coast to Oregon.

In 1847 a contract was concluded by our Government with the head of the celebrated Collins line of trans-Atlantic steamers for a subsidy of \$355,000 a year. When Mr. Collins built steamships much larger and more powerful than the Cunard ships his subsidy was increased to \$55,000 a year—the Cunard Line was then receiving \$56,000 from the British Government. This new American line began under the brightest auspices. Its steamers beat the Cunard steamers regularly in passages from land to land and secured the bulk of the first-class passenger traffic. Moreover, as Lindsey, the historian of British shipping, said, "Before the Collins Line was established, the Cunard steamers were receiving \$7 10s. sterling per ton for freight, which was so much a monopoly rate that in two years after the Collins Line had commenced the rate of freight fell to \$4 sterling per ton." Under the impulse of the mail subsidies American ocean steam shipping rose from 16,068 tons in 1848 to 115,045 tons in 1855. As Dr. David A. Wells says of the period:

"During the single year 1849-50 we increased our ocean steam tonnage 113 per cent, and the seagoing qualities and performances of our vessels were so admirable that the Cunard Co., which had then been in operation 10 years, was obliged to bring out new ships to compete with them. The prospect, therefore, at one time was that the United States, although late in the start in this n

#### LOSING OUR SHIPS BEFORE THE WAR.

In that year, 1855, the American merchant marine in over-seas commerce reached its climax. There set in immediately a sharp and startling decline—six years before the Civil War. Though the tonnage nominally registered for foreign carrying did not immediately show a decrease, shipbuilding fell off from 583,450 tons in 1855 to 156,602 tons in 1859, and rallied only to 214,797 tons in 1860. This heavy shrinkage in the product of the shipyards indicated that six years before the first shot was fired at Fort Sumter grave discouragement and disaster had befallen our merchant marine. This historic fact is exceedingly important to remember, because it has so often been asserted that the loss of our ocean shipping began with and was wholly due to the great war between North and South. The records of shipbuilding afford conclusive proof that the decline had set in long beforehand.

The causes of this decline were in part economic, but in much larger part political. It has often been alleged or assumed that the change from sall to steam and from wood to iron gave Great Britain, our old and formidable rival, an overwhelming advantage over the United States. But the United States in 1855 had long been building steamships for coastwise navigation; some of these were iron ships, and American-made iron was declared by architects and engineers to be the very best for maritime construction. There were fron shipbuilding plants at New York and Philadelphia and, before 1860, at Boston. It was a period of low tariff for revenue only, and the high customs and internal-revenue taxation of the Civil War, that undoubtedly for a time did burden the shipbuilding industry, had not come into existence. Americans were naturally as adept at ironworking and at boiler and engine building as their British kinsmen—a fact soon to be demonstrated to all the world by the great atmor-clad fleet of the Federal Navy.

Great Britain in 1855 was manufacturing more fron than the United

Navy.

Great Britain in 1855 was manufacturing more iron than the United States, and to a certain degree the transition from a material of which the United Kingdom produced almost none at all to a material which it possessed in particular abundance was a benefit to British yards, but it was by no means a conclusive factor. There was enough iron of admirable quality in America for the construction of great fleets of ships. For the main cause of the decline of our ocean shipping from its climax of 1855 to the outbreak of the Civil War it is necessary to look in quite a different direction.

Rivalry between American and British ocean steamship lines on the north Atlantic from 1850 to 1855 had demonstrated that the Yankees were as skillful in engineering as they had long been in scamanship. Capt. McKinnon, of the British Navy, after voyages of observation in both the Collins and Cunard liners, reported to his Government that "there are no ocean steamers in England comparable with the (American) Baltic."

But there was one savious maderage in the steamers in the state of the state of

But there was one serious weakness in the situation. All of the new American ocean steamers were built in the North, owned and manned by northern men, and registered at northern scaports. The sectional

slavery feud between the States was growing more and more bitter every day, and southern men wer't in control of Washington. These ocean steamships, maintained by tobsidy from the National Treasury against their equally subsidized British rivals, were a formidable addition to the commercial and naval power of the North. For the same reasons why the strengthening of the Federal Navy was suspended, the mail subsidies were taken away from the great successful American ocean steamship services in the very crisis of their contest with their British competitors.

## OUR SHIPPING THE VICTIM OF SECTIONAL ATTACK.

OUR SHIFFING THE VICTIM OF SECTIONAL ATTACK.

This was done, after a memorable struggle, in 1856 and 1858, under the direction of several distinguished southern men—Jefferson Davis, of Mississippi, afterwards President of the Confederacy; R. M. T. Hunter, of Virginia, afterwards Confederate secretary of state; S. R. Mallory, of Florida, Confederate secretary of the navy; Robert Toombs, of Georgia, a leading member of the Confederate congress and secretary of state; Judah P. Benjamin, of Louisiana, Confederate attorney general; and J. M. Mason, of Virginia, well remembered with Mr. Slidell as Confederate envoy to Europe.

These able and eminent southern statesmen doubtless believed that they were serving vital interests of their own people, but not all of their own section coincided in their action. Though they received some help from agricultural States of the West and Southwest, Senator Bayard of Delaware eloquently protested against the abandonment of American steamship enterprise as a surrender to the British Government, and the action of Congress in withdrawing the subsidies was generally condemned by men of all parties in the North as blindly sectional and disastrous.

### HOW BRITISH SUBSIDIES WON.

generally condemned by men of all parties in the North as blindly sectional and disastrous.

HOW BRITISH SUBSIDIES WON.

Disastrous, indeed, it quickly proved. When, in 1856, the southern lawmakers reduced the Collins mail pay from \$858,000 to \$385,000—the British Cunard ships were then receiving \$856,000—the managers of the chief American line to Europe refused to give up the fight and struggled on for a time. But the odds were hopeless and they were forced to quit the field. Their largest ship, the splendid Adviatic, was sold to a new British subsidized line from Galway and held the Atlantic record under the British fiag. One by one the other American Atlantic lines succumbed, and when Commodore Vanderblit, with all his wealth and genius, attempted to compete with the British subsidized lines he was unable to withstand the treasury of the British Government. When the Civil War opened in 1861 only occasional American steamships were running to Europe. British subsidies had won the fight.

The Collins Co. had lost two steamships by wreck and its failure is sometimes attributed to this misfortune. But many more ships were lost by the British Atlantic lines. The Royal Mail had seven steamers destroyed in quick succession. But the British Government, instead of abandoning the Royal Mail, stood by it more resolutely than before and enabled it to build new ships and maintain its service.

Perhaps the greatest New York merchant and shipowner of this time was A. A. Low, Esq., the distinguished father of Hon. Seth Low, formerly mayor of New York of the New Tork of Commerce. The elder Low, in a formal statement to Congress, speaking as an eye witness thoroughly familiar with the facts, declared:

"I only know the English have always, in peace and war, manifested a determination to hold the supremacy on the ocean and the supremacy which they acquired by arms in war they have in peace acquired by subsidies. They have deliberately and intentionally driven the Americans from the ocean by paying subsidies which they knew our

#### EFFECTS OF THE CIVIL WAR.

After the destruction of our trans-Atlantic commerce.

After the destruction of our trans-Atlantic mail lines came the Civil War. Anglo-Confederate cruisers between 1861 and 1865 burned or sank 110,000 tons of American shipping and drove 751,595 tons under foreign colors; nearly one-third of our whole fleet registered for overseas carrying. This ocean trade fleet, which had amounted to 2,496,894 tons in 1861, controlling 65.2 per cent of our imports and exports, had shrunk to 1,387,756 tons in 1866, controlling only 32.2 per cent of our imports and exports.

For a while after the war our ocean shipping actually increased. Shipowners and builders would not surrender without another effort. Our registered tonnage in 1867 reached 1,515,648 and remained at or near the same figures for a decade thereafter—the total registered tonnage in 1878 was 1,589,348. But in this same period the proportion of our imports and exports carried in American vessels had steadily decreased from 33.9 to 26.3 per cent, and after 1878 both total tonnage and proportionate carrying fell together, reaching a tonnage minimum of 726,213 in 1898 and a proportionate carrying minimum of 8.2 per cent in 1901. From 1898 onward there has been a gradual, though not constant, increase in our registered tonnage to the 1,066,288 tons of 1914. But this increase is more apparent than real, for it includes a considerable fleet of vessels employed in the long-voyage coast trades, like that via the Panama Canal. These vessels and others passing near or by foreign ports sail under register instead of enrollment, for purposes of safety and convenience. There was virtually no real increase, up to the opening of the present European war, in the proportion of our imports and exports carried under the American flag. From 8.2 per cent in 1901 this rose to 12.1 in 1905, but fell again to 8.6 per cent in 1914. The development of American ocean shipping when this great war started was substantially where it had been 16 years before.

THE OCEAN MAIL LAW OF 1891. From 1865 to the present time Congress has refused to adopt any vigorous and comprehensive measure for the relief of American shipping in over-seas commerce, though a cautious and, as it proved, inadequate mail-subsidy system was established in the ocean mail act of March 3, 1891. As passed by the Senate, this provided both subsidies for postal lines and bounties for cargo vessels, but the bounty feature was rejected and the proposed mail rates were heavily reduced by Middie Western insistence in the House of Representatives. The legislation

was so crippled that its authors despaired of any definite results, but even with its lowered compensation the act of 1891 has proved to be of substantial value to the American merchant marine.

It was this legislation which made it possible for the International Navigation Co. to undertake in 1895-96 a weekly service in American steamships from New York to England and France, the New York and Philadelphia being specially admitted to American registry for this purpose, while the St. Louis and St. Paul were built in the Cramp ship-yard, in Philadelphia. These four swift ships were of great value as auxiliary cruisers in the Spanish War. Though the company controlling these steamers has several times signified its willingness to build new ships equal to the best on the Atlantic if the United States Government would enter into an agreement equivalent to that of Great Britain with the Cunard Co., no action has been had, but the weekly mail service to Europe is maintained with great regularity by the existing steamers, and this has been of much advantage to our Government and our merchants throughout the present war.

The ocean mail act of 1891 maintains also the Ward Line of American steamers from New York to Cuba and Mexico, the Red D Line from New York to Venezuela, and the Oceanic Line from San Francisco to Australasia. Total expenditures under this act in the fiscal year 1914 were \$1,089,361, of which \$673,998 was received by the American trans-Atlantic service. Every great maritime nation spends much more for mail subsidies than our own—even Canada two or three times as much annually.

THE MERCHANT MARINE COMMISSION OF 1904-5.

times as much annually.

THE MERCHANT MARINE COMMISSION OF 1904-5.

Congress in 1904 authorized a Merchant Marine Commission of five Senators and five Representatives, of which Senator Gallinger, of New Hampshire, war chairman, to make a new and thorough investigation of the ocean shipping question. This commission published its report in 1904-5, recommending national encouragement to regular steamship services to the West Indies, South America, South Africa, Australasia, and the Orient, and the granting of tonnage subsidies to cargo vessels. A bill carrying these provisions passed the Senate, but the subsidy to cargo ships was eliminated in the House, and the mail-subsidy measure which the House passed was defeated by a fillbuster in the Senate, conducted by two Senators who were retiring to private life. The Senate subsequently passed the ocean mail bill, but it was twice defeated in the House, though by the narrowest of majorities.

In the congressional contests over the measures recommended by the Merchant Marine Commission most of the opposition came from the South and Middle West, thus repeating the experience which had destroyed the American steamship services on the North Atlantic before the Civil War. But from both South and West there appeared also strong advocacy of a forward policy by individual Senators and Representatives, and the ocean mail bills were actually defeated in the House by the defection of a group of Middle Western Republicans who, though strong partisans of tariff protection for the agricultural interests of their States and section, were unwilling that national encouragement of any kind should be extended to the ocean shipping industry of the Atlantic and Pacific seaboards. Another influence was the hostility of certain powerful European steamship corporations which had become strongly entrenched in American ocean carrying. From their head-quarters in Europe and New York these foreign steamship organizations sent out earnest arguments against the subsidizing of American steamship se

A FREE SHIP EXPERIMENT.

As a part of the Panama Canal act of August 24, 1912, Congress changed the traditional policy of the United States by offering free registry for the over-seas trade to American-owned, foreign-built vessels not more than five years old. This "free-ship" experiment proved absolutely fruitless up to the outbreak of the war in Europe—not one foreign-built ship was at any time registered under its provisions. The reason assigned was the higher cost of operation that would have to be assumed under the American laws and colors.

As an emergency measure Congress, on August 18, 1914, passed an act amending the previous act so that there could be admitted to American registry for purposes of foreign commerce American-owned, foreign-built vessels without regard to age. At the same time the President was authorized to suspend the requirement of law that the officers of these foreign-built ships should be American citizens and to exempt the ships in question from compliance with our inspection and measurement laws and regulations.

A considerable movement of American owners of foreign-built ships to naturalize their vessels under the new law quickly followed. The United Fruit Co., the Standard Oll Co., and the United States Steel Corporation were the principal factors to take advantage of the new legislation. Most of the foreign-built ships added to the American overseas fleet under the new policy were American owned before the war began. There have not been many new purchases of foreign-built ships, and a very large proportion of vessels controlled by American capital, notably in the regular trans-Atlantic trade, still remain under foreign colors. The total number of ships naturalized under the act of August 18, 1914, is 171, of a total tonnage of 583,733. Most of these were brought in in the early part of the war. Only three vessels, one of them a small yacht, were granted registry in the entire month of September, 1915, and only three more were admitted up to December 18, 1915.

FOREIGN CREWS DEMAND AMERICAN WAGES

It has been discovered in actual experience that the suspension of the navigation laws by the President, so that the foreign-built ships admitted to American registry can come in with their foreign officers and remain exempt from our inspection and measurement laws and rules, has not prevented these foreign officers and their foreign crews from demanding the wage scale and food scale of Americans. The result has been an immediate and large increase in the cost of manning and maintenance, so that in these regards the naturalized ships are on the same basis compared with foreign-registered ships as are American ships of native construction. For example, W. R. Grace & Co. find that wages and food of a steamship under the American flag amount to \$2,773 a month as compared with \$1,991 under the British flag. "On British steamers which we recently transferred to the American nage," says this firm, "the foreign crews struck for American wages the day of transfer, and received them."

The United States Steel Products Co., which handles the export trade of the United States Steel Corporation, has nine steamers transferred from British to American registry. The 373 members of these nine crews under British registry received in wages \$12,478 a month. The 393 members of these nine crews under American registry receives \$17,537 a month, an increase of 40.54 per cent, and in addition there has been an increase of 19 per cent in the cost of food,

The steamship Brindilla, of the Standard Oil Co., has a total wage bill under the American flag of \$1,765 a month as compared with \$936.10 a month when this same ship was the German steamer Washington.

These great corporations have precise systems of record, and so these comparative figures are available and trustworthy, but theirs has doubtless been the experience of all owners of foreign-built steamships who have secured American registry. The great war has introduced new complications. Because of war risks wages of seamen have risen under foreign flags, but there is every reason to believe that when the war has ended the normal difference in wages between American and foreign ships will be substantially what it was before the war began. This difference on typical cargo-carrying ships was as follows:

Comparative monthly wages, 1914, on American and British cargo steamers of a capacity of about 5,000 tons.

	American,	British.
Master First officer. Second officer. Third officer. Carpenter . Boatswain. Quartermasters Sailors. Chief engineer First assistant engineer. Second assistant engineer. Third assistant engineer. Oilers. Donkey men. Firemen. Coal passers Steward Cook Mess man.	90.00 70.00 40.00 40.00 (2) 35.09 (5) 30.00 150.00 90.00 80.00 (3) 40.00 (2) 40.00 (4) 35.00 (6) 00.00 (6) 00.00 (6) 00.00 (7) 40.00 (8) 40.00 (8) 40.00 (8) 40.00 (9)	\$100.00 63.18 43.74 31.59 29.16 (9) 24.30 68.04 48.00 (1) 31.59 (6) 29.16
Cabin boy	20.00	10.00

 Total American crew.
 32

 Total American payroll, per month.
 \$1,655.00

 Total British crew.
 20

 Total British pay roll, per month.
 \$994.66

SHIPBUILDING ALL IMPORTANT.

At present, because of the great European war, its abnormal effect upon wages and materials, and the absorption of foreign shipyards in naval repair and construction, the first cost of commercial steamships is believed to have risen in Europe to or near a parity with the cost in the United States. American ocean shipyards are now fully employed upon new tonnage, nearly all of it designed primarily for coastwise commerce, but a large part of it of a type adaptable also to overseas carrying if conditions in that trade can be properly equalized. This is a fortunate circumstance for the country. Full employment will greatly assist American ocean yards to extend their experience, standardize their output, and reduce their costs, and the price of commercial steamers of American construction should be very much nearer the foreign price after the war has ended than it ever has been before. It should be understood that steel plates and shapes for shipbuilding are normally obtainable at as low a cost in the United States as in Europe.

The importance of judicious encouragement of the art of ocean

Europe.

The importanace of judicious encouragement of the art of ocean shipbuilding can not well be overestimated, both because of the imperative need of well-equipped shippards in the problem of national defense and because history affords no example of a nation permanently great in ship owning and navigation which depended for the construction of its ships upon its rivals in trade and possible enemies in war. It is still eminently true in principle, as Thomas Jefferson declared more than a century ago, that "for a navigating people to purchase its

marine affoat would be a strange speculation. \* \* \* Placing, as a reserve, with a foreign nation or in foreign shipyard the carpenters, blacksmiths, calkers, sailmakers, and the vessels of a nation would be a singular commercial combination. We must, therefore, build them for ourselves."

American tonnage and proportionate carrying in foreign trade, etc.—Con.

Proportionate carrying in foreign trade, etc.—Con.

AMERICAN MARINE INSURANCE.

One essential of complete success in American shipbuilding and navigation is a thoroughly American inspection, survey, and classification service capable of performing for the United States a work which Lloyd's has long rendered for the British Empire. For many years American shipowners and merchants, even in the coast and lake trade, have been largely dependent for marine insurance upon foreign corporations. To realize the full benefits of an independent American shipping industry it must be possible to effect adequite insurance in companies domiciled in the United States, preference being given by our shipowners and merchants to insurance in American companies, and to this end a strong classification society must be at once established, so that American insurance interests can undertake marine risks with all proper safeguards and necessary information. There is abundant capital in this country and abundant technical and administrative skill, and they should be brought into effective cooperation. There should be resources in American companies sufficient to provide at least \$1,000,000 of insurance on any single hull to handle the marine business now offering, which is about three times the amount of insurance at present available.

Every important nation which has developed a merchant marine of its own has appreciated the need of creating at the same time a classification and insurance system of its own, instinctively recognizing the unwisdom of depending for such an indispensable service upon the resources of foreign competitors. It is earnestly believed by many American shipowners that the decline of our own mercantile marine was hastened by certain arbitrary discriminations of powerful marine insurance authorities of Europe, and it is the manifest course of prudence to make such discriminations impossible hereafter by providing requisite American standards of construction properly adapted to meet the particular needs of the widely varying types of ships required for American beginner.

A FLEET ESSENTIAL FOR

A FLEET ESSENTIAL FOR COMMERCE AND DEFENSE,

can best supply this need, with due recognition in the law and regulations of the Government.

A FLEET ESSENTIAL FOR COMMERCE AND DEFENSE.

The merchant marine—the building and operation of overseas commercial carriers—is, or should be, a great national industry, as deserving as any other great industry of the friendly interest of the American people and the intelligent consideration of their Government. Just as every adequate department store, for its own self-protection, insists upon its own delivery service, so every mercantile nation demands a suitable feet of its own ships. Great Britain fought flerce wars with Holland and France primarily to secure its own sea trade. The new German Empire, when under Bismarck it first began to look abroad for markets, refused to depend upon British ships but sought at once the creation of a German merchant navy. Fisnee would not rely upon the fleet of either Germany or Britain, but has laboriously wrought its own merchant marine, and Japan, the latest of commercial powers, secured its ships first and its trade afterwards. Not one commercial nation, save the United States, has ever been willing to trust its overseas delivery service to its eager and aggressive competitors—the instinct of self-preservation imperatively forbids.

If the United States had possessed, as it should normally have possessed, 10,000,000 or 15,000,000 tons of overseas shipping in August, 1014, at the outbreak of the present European war, its occan delivery service could not have been broken down by the wholesale diversion of foreign ships, whose first duty was owed to foreign Governments. Reduced or disrupted steamship services and abnormally increased freight rates have cost the American people uncounted millions of dollars since the war began, and, as agriculture still supplies the major bulk, if not the major value, of our exports, the heaviest loss hand freight rates have cost the American people uncounted millions of dollars since the war began, and, as agriculture still supplies the major bulk

American tonnage and proportionate carrying in foreign trade of United States, 1789-1914.

	Tonnage registered for foreign trade.	Proportion of exports and imports carried in American vessels.		Tonnage registered for foreign trade.	Proportion of exports and imports carried in American vessels.
Year ended Dec. 31— 1789 1790 1791 1792 1793 1794 1795 1796 1797	123, 893 346, 254 363, 110 411, 438 367, 734 438, 863 529, 471 576, 733	Per cent. 23.6 40.5 55.9 64.0 79.5 88.5 90.0 92.0 90.0	Year ended Dec. 31— 1798 1799 1800 1801 1802 1803 1804 1805 1806	603, 376 657, 142 667, 107 630, 558 557, 780 585, 910 660, 514 744, 224 798, 507	Per cent. 89. 0 88. 5 89. 0 89. 0 86. 5 84. 5 88. 5 91. 0

<sup>1</sup> Figures taken from the report of the Bureau of Navigation and Bureau of Foreign and Domestic Commerce of Department of Commerce.

	Tonnage registered for foreign trade.	Proportion of exports and imports carried in American vessels.		Tonnage registered for foreign trade.	Proportion of exports and imports carried in American vessels.
ear ended Dec.			9 months ended		
31—		Per cent.	June 30-		Per cent
1807	840, 163	92.0	1856 1857	2,302,190	75.
1809	906, 855	86, 0	1858	2, 301, 148	70. 73.
1810	981,019	91.5	1859 1860	2,321,674	66.
1811	763, 607	88.0	1860	2,379,396	66.
1812	758, 636	82.5	1861	2, 496, 894	65.
1813	674, 700	68.0	1862 1863	2,173,537	50.
1815	824 205	54.5 74.0	1864	1 486 740	27.
1816	800, 760	70.5		1,518,350	27.
1817	904 951	76.5	1866	1,387,756	32.
1818	589, 944	82.5	180/	1,515,648	33.
1819	581, 230	84.5	1868	1,487,246	35. 33.
1820	503, 825	89. 5 88. 7	1869	1 448 846	35.
1822	582, 701	88.4	1871	1 989 659	31.
1823	600,003	89.9	1872	1,359,040 1,378,533 1,389,815 1,515,598 1,553,705 1,557,600	29.
1824		91. 2	1873	1, 378, 533	26.
1825	665, 409	92.3	1874	1, 389, 815	27.
1826 1827	701 517	92.5 90.9	1875	1,515,598	26. 27.
1828	665, 409 696, 221 701, 517 757, 998	88.9	1877	1,570,600	90
1829	592, 859	89.5	1877 1878	1,589,348	26.
1830	592, 859 537, 563 538, 136	89.9	1879	1, 451, 506	23.
1831	538, 136	86.5	1880	1,314,402	17. 16.
1832	614, 121 648, 869	83. 1 83. 8	1881	1, 297, 035 1, 259, 492	15.
1834	749, 378	83.0	1883	1, 269, 681	16.
ar ended Sept.			1884 1885	1, 276, 972	17.
30, 1835 (9)			1885	1, 262, 814 1, 088, 041	15.
months) ear ended Dec.	788, 173	84.5	1886 1887	1,088,041	15.
		The States	1888	989, 412 919, 302	14. 14.
1836	753, 094	84.3	1889	999, 619	14.
1837	683, 205	82.6	1889 1890 1891 1892	928,062	12.
1838	702, 962	84. 2	1891	988,719	12. 12. 12. 13.
1839	702, 400	84.3	1892	977, 624	12.
1840 1841	762, 838 788, 398	82. 9 83. 3	1893 (1 year).	800 608	13.
1842	832,746	82.3	1893 (1 year). 1894 1895 1896	822, 347	11.
ear ended June			1896	829, 833	12.
30, 1843 (9		A DESCRIPTION OF THE PERSON OF	1897	792,870	11. 9. 8.
nonths)ar ended Dec.	856, 930	77.1	1898 1899	726, 213	9,
And the second s		0 11 -	-1900	816 705	9.
1844	900, 471	78.6	1901	879, 595	8.
1845	904, 476	81.7	1902 1903	873, 235	8.
1846	943, 307	81.7	1903	879, 264	9.
1847	1,047,454	70.9	1904	888, 628	10.
1848	1, 108, 707	77. 4 75. 2	1905 1906	943, 750	12. 12.
1850	1, 439, 694	72.5	1907	861, 466	10.
1844 1845 1846 1847 1848 1849 1850 1851 1852 months ended	1, 544, 663	72.5 72.7	1907	930, 413	9.
1852	1,705,650	70.5	1909	878, 523	9.
months ended		1 - 2 - 2	1910	782, 517	9. 8. 8.
June 30-	1 010 00	00.5	1911	863, 495	8.
1853	1,910,471 2,151,918 2,348,358	69. 5 70. 5	1912	824, 853, 792, 870, 726, 213, 837, 226, 816, 795, 879, 595, 877, 264, 888, 628, 943, 750, 928, 466, 861, 466, 930, 413, 878, 523, 782, 517, 863, 495, 923, 225, 1,019, 165, 1,066, 288	8.
1855	9 240 950	75.6	1914	1 066 999	8.

Merchant tonnage of principal nations as recorded in Lloyd's Register for 1895 and also for 1915.

	1895	1915
Great Britain United States Austria Denmark Holland France Germany Italy Japan Norway Russia Spain Spein	Tons. 13, 242, 639 2, 164, 753 304, 970 356, 714 446, 861 1, 094, 752 1, 886, 812 778, 941 301, 101 1, 659, 012 487, 681 554, 238 497, 877	Tons. 21, 045, 049 1 5, 308, 194 1, 055, 718 820, 181 1, 496, 455 2, 319, 438 5, 459, 296 1, 668, 296 1, 708, 386 2, 504, 722 1, 053, 818 898, 823 1, 118, 086

1 Of this, 2,970,284 tons were on the sea and the remainder on northern lakes and

Summary of foreign subsidies, mail pay, bounties, etc.

[From Report of the United States Commissioner of Navigation, 1909,

P.P	
Great Britain and colonies	\$9, 689, 384
France	13, 423, 737
Japan	5, 413, 700
Italy	3, 872, 917
Spain	3, 150, 012
Austria-Hungary	2, 984, 530
Germany	2, 301, 029
Russia	1, 878, 328
Norway	1, 102, 143
Netherlands	880, 011

Sweden Denmark Belgium Portugal	\$277, 752 145, 000 55, 970 50, 000

45, 224, 513

Outside of Europe and Japan, subsidies and mail payments have been reported for 1908 by the Bureau of Navigation as follows: Chile, \$253,195; Mexico, \$75,000; Egypt, \$54,512; Brazil, \$1,300,000; in all, \$1,682,707, making, with the above, a total of \$46,907,220.

(In the fiscal year 1914 the United States paid in subsidy to American steamers under contract the sum of \$1,089,361.83, and the report of the Post Office Department states that "The net cost of the service performed was \$55,155.51 less than it would have been if the steamers performing it had not been under contract and had conveyed the same mails and received pay on a weight basis.")

The figures above are the latest official enumeration by the United States of foreign steamship subsidies, bounties, etc. These subsidies and bounties have been somewhat increased since 1909 in most of the countries mentioned, together with a corresponding increase in their merchant shipping tonnage,

(Germany, in addition to subsidies, grants preferential rates on her State railroads on cargoes to be carried in German ships.)

Mr. NELSON. Mr. President, I suggest the absence of a

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). The absence of a quorum having been suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead Hughes Husting Smoot Sterling Brady Pittman Sterling
Stone
Swanson
Taggart
Thompson
Tillman
Underwood
Vardaman
Wadsworth Bridy Bryan Chamberlain Chilton Clapp Cummins Dillingham Fletcher Pomerene Reed Saulsbury James Johnson, S. Dak. Jones Lane Lewis Lippitt Shafroth Sharroth Sheppard Sherman Simmons Smith, Ariz. Smith, Ga. Smith, Md Smith, S. C. Martine, N. J. Myers Nelson Oliver Overman Gallinger Hardwick Hitchcock Williams Hollis

Mr. SHAFROTH. I wish to announce the unavoidable absence of my colleague [Mr. Thomas] on account of sickness.

Mr. WARREN. I wish to say that my colleague [Mr. Clark of Wyoming] is unavoidably absent. He is paired with the Senator from Missouri [Mr. Stone]. I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Fifty-one Senators having re-

sponded to their names, a quorum is present.

Mr. STERLING. Mr. President, I shall not occupy the time of the Senate at any great length, comparatively speaking; and while I do so I shall not pretend to speak as an expert on ships or on shipbuilding. The more technical phases of this ships or on shipbuilding. question, especially as it relates to vessels in the foreign and coastwise trade, respectively, have been discussed, and ably discussed, by those more familiar with those phases than am I, notably by the distinguished Senator from New Hampshire [Mr. Gallinger], who has just spoken, by the Senator from Minnesota [Mr. Nelson], by the Senator from Massachusetts [Mr. Weeks], and by the Senator from Washington [Mr. Jones]. There are, however, certain things in regard to the efforts of this administration to put through a ship-purchase bill or a shipping-board bill to which I wish to call attention. They go largely to the methods employed and to what I deem the needlessness of a measure designed to put the Government into the business of owning ships for the merchant-marine service.

And let me at the outset emphasize the point that the

majority proposes anew this scheme at a time when appropria-tions will exceed by several hundred millions of dollars what they have ever before been; when the revenues from the old reliable sources are vastly diminished; when, to meet these appropriations, new forms of taxation must be adopted and new subjects of taxation must be resorted to. It would seem that ordinary prudence would dictate that we stop short of incurring this wholly unnecessary additional obligation of more than \$50,000,000 and of making the requisite appropriation therefor. The prudent business man will not embark in an enterprise involving large expenditures unless justified by his needs, his facilities, and the resources at his disposal, and, least of all, will he throw away money upon a project which experi-ence and common sense and the facts before him show would be futile and without beneficial result.

I take it that statesmen should be governed by the same practical considerations as business when it comes to new governmental ventures involving, as this does, its very expensive administrative features and, second, a tremendous outlay of money to effect the full purposes of the bill.

And, Mr. President, I can not help here suggesting the further consideration: Congress is not the business man spending his own money, responsible to himself alone. Congress is supposed to represent the people. In the provisions it makes for the rais-

ing and disbursement of revenues it acts rather in the capacity of agent or trustee. It can not at will summon hither or to the Treasury of the United States the resources of a nation and at will disburse them in the promotion of any and every enterprise which appeals to the imagination of Members of Congress or, I may say, to an administration obsessed apparently with the idea that to spend \$50,000,000 in building, buying, or leasing ships will be a grand party achievement. It can not do this, I say, at will and in disregard of the interests of the people. The principle of "strict accountability," though badly shattered in certain fields, is not dead. It may be invoked elsewhere, possibly at the built here. sibly at the ballot box.

Those who pay the taxes-internal-revenue taxes, taxes on incomes, and who will pay Government inheritance taxes, as well as those who pay indirect taxes in any form—have the right to know that the money is judiciously and, for the Nation, wisely and profitably spent; that a worthy national purpose will be served and that no great and beneficial interest will be im-

paired or destroyed.

This is not in any sense a preparedness measure. It is not like the Army and Navy bills, which, perhaps, properly enough, appropriated unprecedented millions in the interests of na-tional defense. To pretend that the bill provides for the construction or purchase or leasing of vessels suitable both for the marine trade and for naval auxiliaries should deceive nobody, for, as I shall show, the bill does not go that far. The use of such ships for naval auxiliaries was merely incidental in 1914 and 1915, when the Senate was kept guessing from week to week as to what new form the ship-purchase bill would next take. Everybody knew that that bill was based on an alleged emergency in our ocean transportation business and not on any need for naval auxiliaries. The discussion centered on that point.

The bill introduced by the Senator from Missouri on December 9, 1914, and reported with amendments by the Senator from Florida on December 16, 1914, provides that the object

of the corporation to be formed under the act-

shall be the purchase, construction, equipment, maintenance, and opera-tion of merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States, etc., to meet the requirements of the foreign commerce of the United States.

True, a subsequent provision is to the effect that the vessels purchased or constructed shall be of a type as far as the commercial requirements of the foreign trade of the United States may permit, suitable for use as naval auxiliaries in the Naval Establishment of the United States. But who believes that had that bill passed and it had been found otherwise expedient or in accordance with our neutrality to purchase a few interned German merchantmen an offer of sale by the German owner would have been rejected. No objection would have been made on the ground that the vessel was not of a type suitable as a naval auxiliary. The title of that bill was:

To authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other

And thus we see from the language of the bill itself and from the absence of any expression in regard to naval auxiliaries in the title how remote, or merely incidental at least, was the question of providing naval auxiliaries to the main purpose of the bill.

Then came the amendment in the nature of a substitute for the original bill and all amendments thereto and theretofore reported from the Committee on Commerce. It was reported January 26, 1915. The changes were many and material. The Senate entered on the discussion of a new bill. The language I have referred to, however, in regard to naval auxiliaries was retained in the substitute.

We recall the fate of the substitute. It was discussed day in and day out and night in and night out, until on February 17, 1915, it yielded up the ghost and was replaced by Senate bill 5259. This, as Senators will remember, was a bill introduced by the junior Senator from Massachusetts [Mr. WEEKS] and was entitled "A bill to establish one or more United States Navy mail lines between the United States and South America and between the United States and the countries of Europe." bill contained four sections. It had passed the Senate and been amended in the House by attaching thereto as an amendment the provisions of the ship-purchase bill we had been discussing, with some new features, and with a final section which made in-operative sections 1, 2, 3, and 4, being the only sections relating to Navy mail lines, until two years after the conclusion of the present European war. It contained the same inconse-quential provisions in regard to naval auxiliaries as its two pred-

ecessors. And then, after more weary days and nights, the welcome end came on March 3, and incidentally, I may say, there also came an apparent vindication once more of the principle of unlimited debate in the Senate. There came also, I think, general approval throughout the country of the course of Republican Senators and of the seven Democratic Senators who joined with them in invoking the ancient rule of unlimited debate, a rule at one time the subject of most favorable comment by our present Chief Executive. I think it eminently proper in this connection to quote what the President has said of the Senate practice. He says, page 218, Congressional Government, among other

But the Senate is small and of settled habits, and has no such bug-bear to trouble it—

Referring to cloture in the House-

It-

The Senate-

can afford to do without any cloture or previous question. No Senator is likely to want to speak on all the topics of the session, or to prepare more speeches than can conveniently be spoken before adjournment is imperatively at hand. The House can be counted upon to waste enough time to leave some leisure to the Upper Chamber.

And then, a little further on, page 219, he says:

Still, though not much heeded-

We have evidence of that, of course, every day-

the debates of the Senate are of great value in scrutinizing and sifting matters which come up from the House. The Senate's opportunities for open and unrestricted discussion and its simple, comparatively uncumbered forms of procedure, unquestionably enable it to fulfill with very considerable success its high functions as a chamber of revision.

And then, in a footnote, on page 211 of this book, entitled "Congressional Government," by Woodrow Wilson, we find this unqualified indorsement of the Senate's practice in regard to

An attempt was once made to bring the previous question into the practices of the Senate, but it falled of success, and so that imperative form of cutting off all further discussion has fortunately never found a place there.

Mr. SHERMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Illinois?

Mr. STERLING. I yield to the Senator. Mr. SHERMAN. I should like to inquire if the author of the book from which the Senator is reading is the same as the author of the book entitled "The New Freedom"?

Mr. STERLING. It is by the author of The New Freedom. It is quite instructive now to look back upon the history of that struggle and note what the obduracy of the administration in regard to the ship-purchase bill cost the country in the way of other and needed legislation. There were the water-power bill; the oil land leasing bill; conservation measures to which the Democratic Party was understood to be pledged; rural-credit legislation, to which it was also pledged—all reported to the Senate after extensive committee hearings and in ample time for full consideration and action by the Senate, but all doomed to failure by that fatuous leadership which made believe that the fate of the Nation depended on its building or buying at once \$30,000,000 worth of ships. All other legislation was, in comparison, not worth while. Two great appropriation bills, the products of many weeks of faithful committee work, shared the same fate, and the Indian Service and Postal Service, which were to have been benefited and improved by new provisions, were obliged to be content with the same conditions and the same appropriations as for the preceding fiscal Mr. President, apparently the direct and immediate responsibility for the course of the majority in regard to the bill lay with the Democratic caucus. On that point I desire to quote from the same authority, and I feel like exclaiming, "Oh, that mine adversary had written a book!" He did write a book, and here is what he said, among other things, in regard to the caucus

Mr. BRADY. Mr. President—
The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Idaho?

Mr. STERLING. I yield to the Senator.

Mr. BRADY. Is the book from which the Senator is about to read a different work or is it the same book from which he has already quoted?

Mr. STERLING. It is the same book from which I read in regard to the advantages of unlimited debate in the Senate; and, of course, it is by the same author. He says:

That the silvern speech spent in caucus secures the golden silence maintained on the floor of Congress, making each party rich in concord and happy in cooperation.

That is, those who favor a caucus would put it in that way. Then the distinguished author goes on to say:

Then the distinguished author goes on to say:

The fact that makes this defense of the caucus not altogether conclusive is that it is shielded from all responsibility by its sneaking privacy. It has great power without any balancing weight of accountability. Probably its debates would constitute interesting and instructive reading for the public were they published; but they never get out except in rumors often rehearsed and as often amended. They are, one may take it for granted, much more candid and go much nearer the political heart of the questions discussed than anything that is ever said openly in Congress to the reporters' gallery. They approach matters without masks and handle them without gloves. It might hurt, but it would enlighten us to hear them. As it is, however, there is unhappily no ground for denying their power to override sound reason and personal conviction. The caucus can not always silence or subdue a large and influential minority of dissentients, but its whip seldom fails to reduce individual malcontents and mutineers into submission. There is no place in congressional jousts for the free lance. The man who disobeys his party caucus is understood to disavow his party allegiance altogether, and to assume that dangerous neutrality which is so apt to degenerate into mere caprice, and which is almost sure to destroy his influence by bringing him under the suspicion of being unreliable—a suspicion always conclusively damning in practical life.—From Congressional Government, by Woodrow Wilson, pages 328, 329.

And yet this same unrighteous caucus, with its "sneaking

And yet this same unrighteous caucus, with its "sneaking privacy," its "power to override sound reason and personal conviction," was the instrument employed by the President to bind men to the support of a measure which their judgments and their consciences condemned. For back of the caucus always, as we know from our experience here since 1913, was the President to whom the caucus was blindly obedient.

Mr. SHERMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from South

Dakota yield to the Senator from Illinois?

Mr. STERLING. I yield to the Senator.

Mr. SHERMAN. I will ask the Senator if he will give his recollection of the remarks made by the chairman of the Committee on Foreign Relations [Mr. STONE] with reference to Senators who did not abide by the caucus action and of the dire anathemas visited by him upon the Senators who would not support the caucus legislation and surrender their convictions?

Mr. STERLING. I will say to the Senator from Illinois that, while I do not remember the language of the chairman of the Committee on Foreign Relations, I do remember the circumstance and remember something of the fierce anathemas he

delivered at that time.

And now, Mr. President, comes this bill, the product, undoubtedly, of much anxious thought, of "days of toil and nights of waking," on the part of its many framers. I can not think it is the product of any one legislative genius. It has the earmarks of collaboration, of joint authorship, of studied attempts to harmonize conflicting views. One man or set of men got in their views in regard to a naval auxiliary and the prominence that should have in the bill. They did not, however, get any further than the title of the bill. Another set sought to get in their view of the commercial importance of the \$50,000,000 fleet which the Government is to build or buy or lease; another set thought it expedient to make the shipping board the overshadowing feature, and that their influence was great is quite patent when we read the bill, title and all.

But, Mr. President, I think one thing is evident: Though the Members of the minority were denounced as obstructionists and filibusterers against the ship-purchase bill or bills of 1914 and 1915, the representatives of the administration, with a ma-jority of 17 in the Senate, would not have dared to again present a bill in terms like either of the bills mentioned and de-

bated at such awful length.

This in itself is a vindication of all the Republican opposition marshaled against these bills. It shows that Republican Senators, with their seven Democratic coadjutors, knew better the public need and understood better the trend and force of public opinion in regard to this great question of Government ownership than did their Democratic opponents. And still the majority, under the dictation of the President, are persistent and ambitious to achieve something new, notable, and striking in governmental activities. Foreign commerce, or our commerce generally, for this bill embraces both coastwise and foreign trade, is the one inviting, seductive field. Under the belief—and I venture to say that this is the exact situation—that they can create the belief that they have accomplished something great for the country, they still persist in building and owning a few ships-for a short time, of course-but long enough for a demonstration and to cause more or less worry to American shipbuilders and shipowners.

But, Mr. President, the lesson has been brought home to our Democratic brethren that if they would pass a shipping bill, something must be done to popularize it; and hence we have before us what they would call a shipping-board bill instead of a ship-purchase bill, a bill which brings out in bold relief (in the title only) the naval auxiliary features, and which confers extensive jurisdiction on the shipping board created by the bill.

But again I insist no careful student of the history of this proposed legislation and of the terms of the bill will be deceived. Here is the high-sounding title:

To establish a United States shipping board, for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes.

Now, just think of that title! The casual reader might say, why, the fundamental thing about this bill is a Government shipping board, and the primary function of the shipping board will be to encourage, develop, and create a naval auxiliary and a naval reserve, since these are first mentioned, and that a merchant marine to meet the requirements of the commerce of the United States was a wholly incidental or subsidiary matter. But such is not the case, nor is such the object of the bill. The title is a misnomer and is designed to mislead. There is in the country an overwhelming sentiment for naval preparedness. Of this sentiment the administration seeks to take advantage and through it win popular support for a bill which ostensibly makes the naval auxiliary the paramount thing, but which in reality has in this regard exactly the same purpose as the ill-fated ship-purchase bills of 1914 and 1915. To this end the peculiar title of the bill. But somewhere in the bill the real purpose must be disclosed, and we find it in section 5, in substantially the same language as is found in all its predecessors. Here is the language:

That the board, with the approval of the President, is authorized to have constructed and equipped, in American shippards and navy yards or elsewhere, giving preference, other things being equal, to domestic yards, or to purchase, lease, or charter, vessels sultable, as far as the commercial requirements of the marine trade of the United States may permit, for use as naval auxiliaries or Army transports, or for other naval or military purposes, and to make necessary repairs on and alterations of such vessels.

So, whatever its disguises, this bill, like those that have gone before, is a bill to empower the United States Government through a shipping board and one or more corporations organized under the laws of this District to engage in the business of constructing, buying, owning, and operating ships for the alleged commercial requirements of the marine trade of the United States. The same objections lie to it as to the other properly called shippurchase bills. If they merited defeat, so does this. If the people were quite resigned to the fate of those bills, they would, I am sure, rejoice at the defeat of this at a time when it is evident there is less need than there was then, and when, too, the enormous appropriations already made, and the new and excessive taxes threatened, themselves cry out against this unwarranted and costly experiment.

Mr. President, I have felt justified in discussing and comparing at such length these several bills, those successively debated during the last Congress under the general designation "ship-purchase bill," and the present pending bill—justified because I have the very strong conviction that in attempting to pass this bill the majority are seeking to win public favor for it by false pretenses. But whether intended or not, the country has been more or less deceived by the title and the language of this bill. There has been misapprehension as to its real object. Senator from Washington, as we all remember who heard him, spoke the other day of a Congressman who was inclined to support it because of its supposed naval auxiliary features, and who showed by his statements that he had been misled. And I myself have heard many well-informed men say that the only redeeming feature of the bill was the provision in regard to auxiliaries for the United States Navy or that it was a better bill than the old ship-purchase bill, because the ships to be constructed or purchased under it would all be naval auxiliaries. But look at the language of the bill! It is only so "far as the commercial requirements of the marine trade of the United States may permit" that the shipping board is authorized to construct, buy, lease, or charter vessels suitable for use as naval auxiliaries. In other words, this bill is for the purpose of acquiring vessels to serve the commercial requirements of the marine trade. It never would have been introduced otherwise. The President and our insistent Secretary of the Treasury are pushing it on no other grounds. In the purpose for which vessels are to be acquired it differs in no essential from the old bills which long ago, when through discussion their purport was understood, were condemned by the general public.

I have examined the reports of the Committee on Commerce

I have examined the reports of the Committee on Commerce on the ship-purchase bill and on this bill, the one presented by the Senator from Florida [Mr. Fletcher], the other by the Sen-

ator from North Carolina [Mr. Simmons]. I think it highly significant that in neither of these lengthy reports no reference whatever is made to any report or statement made by the Secretary of the Navy or any naval officer to the effect that these ship-purchase bills in any of their provisions in regard to naval auxiliaries will supply a need of the Navy, and, in fact, it seems not to have occurred to the Navy Department that any reliance could be put in such provisions for the supply of naval auxiliaries.

The Navy Department is not working in cooperation with the administration or with the Treasury Department in trying to push through this bill which bears such a portentous title in regard to naval auxiliaries. We all know that the several main fleets, the Atlantic and Pacific coast fleets and the Asiatic fleet, with their reserve fleets, have their supply or quota of colliers, transports, tugs, hospital ships, supply ships, and so forth. I will not say that it is sufficient or what it ought to be. I am inclined to think that the supply is not quite what it ought to be; but they must have some supply or quota of vessels of that kind. It may be presumed that only in case of war or threatened war will the activities of these fleets be such as to require many additional auxiliaries; and these are, in fact, provided for by general law enacted in 1887, which provides as follows: "That in time of war or threatened war preference and precedence shall, upon demand of the President of the United States, be given over all other traffic for the transportation of troops and material of war, and carriers shall adopt every means within their control to facilitate and expedite military traffic."

This provision, as I think Senators will remember, is carried forward into this year's naval appropriation bill with an amendment providing for shipments consigned to the United States in time of peace. Under this provision the President may in time of war or threatened war practically commandeer every United States merchant vessel afloat as a naval auxiliary and for all the purposes of military traffic.

This ought to effectually dispose of any claim that this bill should be made a law for the purpose of meeting any emergency so far as the needs of the Navy are concerned.

Mr. President, one more reference to the history of this legislation. The ship-purchase bill was urged upon us as an emergency measure. It was again and again pointed out by Republican Senators in the debate that they could not be constructed in time to meet the emergency. Furthermore, the Secretary of the Treasury to the contrary notwithstanding, I think it became settled opinion here that we would be in danger of violating our neutrality should we purchase German interned vessels, or in fact the vessels belonging to the citizens of any of the belligerent nations. Mr. President, as evidence of that and of the conclusion to which we came, Senate bill 5259, which was the last bill considered on the 3d day of March, 1915, contained a provision prohibiting the purchase of any vessel in a way which will disturb the conditions of neutrality.

That situation and that danger has been recognized in the pending bill, which prohibits the shipping board from purchasing any vessel "which is under the registry or flag of a foreign country which is then engaged in war." Hence if there was then any emergency we were practically powerless under the then

existing conditions to remedy it.

This bill adds to the already long list of boards and commissions created under this administration still another—the shipping board, with its five members each to receive a salary of \$10,000 a year—\$50,000 for their salaries alone—\$5,000 for a secretary, to say nothing of the cost of the services of the attorneys, officers, naval architects, special experts, examiners, clerks, and other employees authorized to be employed by the board—an elaborate and expensive administrative machine, with power to form a corporation with a capital stock of \$50,000,000,000, with power to expend \$50,000,000 of the money of the United States in the construction, purchase, or leasing of ships to meet the commercial requirements of the marine trade of the United States, and not, be it observed, for the purposes of a naval auxiliary.

and not, be it observed, for the purposes of a naval auxiliary.

There is no emergency now, although this bill is to meet the commercial requirements of the marine trade of the United States.

Mr. President, there ought to be no escape from the proposition that without an emergency this measure is not warranted. I go further. Granting there is an emergency, the enactment of this measure will be without warrant unless it is made to appear that it will have the effect of remedying the untoward conditions we call an emergency; the effect of relieving from the emergency.

emergency.

I deny, first, there is at present an emergency, and, second, granting there is, I deny that the bill, if it becomes law, will afford relief.

And now, Mr. President, what ought we to consider here seriously and earnestly? In seeking to determine whether or not the bill is practicable, or whether there is any practical need

or demand for it, whom should we consider?

Our first great consideration should, of course, be the welfare of our own citizens. But who can say that our producers of corn, cotton, wheat, oats, flax, rye, or meats-anything, in fact, in the form of clothing or food products that enters into the export trade—have suffered from the want of shipping facilities for that trade unless indeed the producers of cotton for a few short months only after the breaking out of the war? But early in 1915 they were advised as I now remember by our consul at Rotterdam that they were shipping too fast and that it would be wise policy and in the interest of higher prices to refrain from crowding the market.

And so with all products of the mines and manufactories for which there has been the unusual demand abroad. They have all commanded top-notch prices, war prices, the highest for many American products ever known. True, the extraordinary demand abroad for food and clothing products, for war material and munitions of war, has made rates for carriage high, exceedingly high, but that is for the most part in pursuance of a law of trade and that was a burden which fell on the foreign consumer. He paid the freight, is paying it now, while all the agencies of production at home for consumption abroad, instead of being impoverished, revel in the prosperity consequent upon the high prices made by the war. It should not be cause for wonder that because of the great demand for ocean tonnage exporters, some of them, may have sometimes suffered delay and great inconvenience; but that, I undertake to say, has been rarely if ever reflected in a lower price to the producer or has resulted in much ultimate loss to the exporters themselves.

No, Mr. President; there has not been nor is there now any emergency growing out of the needs of the producers of grain and live stock and cotton and clothing or war material of any kind that would warrant this socialistic experiment in Government ownership, with its initial cost of \$50,000,000. And in regard to what other class than these-the farmers, manufacturers, the miners, producers all—could an emergency arise from want of shipping facilities? There are none.

But, Mr. President, the activities of American shippards con-

clusively show that there is no warrant for Government interference in the shipowning business. Our own Department of Commerce shows that the shipbuilders in the United States have taken the lead in the construction of merchant ships. They are now constructing more such vessels than any other country in the world, and the output during the present year it is confidently believed will exceed that of all the countries in the world combined. This is an activity we have been hoping for, and lamenting for 50 years because it did not exist. Individual enterprise and capital is doing it in the true American way, without Government help or intervention or expense. Is it not the time of all times for us to say to the Government, "Hands

I here read an excerpt or two from a special dispatch from the city of Washington to the New York Times, under date as long ago as December 26 last. The article is inspired by the annual report of Mr. Chamberlain, Commissioner of Naviga-This article is headed:

America second in sea trade now—Ship tonnage equals that of any two foreign nations, except England—Due to war and new law—

The new law being the law we enacted here giving ships of foreign construction but owned by Americans, American registry

This heading further reads:

Year's increase in merchant marine largest in history of the Republic. Reading from the dispatch:

[Special to the New York Times.]

WASHINGTON, December 26.

Changes in American merchant shipping during the first year of the war in Europe have had no parallel in extent in our maritime history. The absolute increase in the tonnage of ships under the American flag during that period was 460,741 tons and has never been equaled in American history.

At the same time there was an increase of 389 vessels, with an aggregate gross tonnage of 795,391, in American shipping registered for the foreign trade, and this increase is three times as great as the increase in registered tonnage during any previous year of American history. Buring the year 200,000 tons of American shipping formerly plying in the domestic trade obtained employment in the foreign trade. In tonnage and value the merchant shipping under the American flag is surpassed only by that under the British flag, and in tonnage it equals that under any two foreign flags combined, except the British.

I will not read further from this dispatch, Mr. President, but I will ask leave to have printed in the RECORD the whole of it as a part of my remarks.

The PRESIDING OFFICER. Without objection, that course will be pursued.

The matter referred to is as follows:

The effect of the European war and American legislation on the American merchant marine and the resultant unparalleled changes are set forth in great detail and discussed most interestingly in the annual report of Eugene Tyler Chamberlain, the Commissioner of Navigation, to Secretary Redfield, of the Department of Commerce, and made public to-night. Mr. Chamberlain asserts that the nearest approach to the fiscal year 1915 in the importance of the changes in American merchant shipping was during 1863 and 1864, when the Confederate cruisers were in operation and 523,064 tons of American shipping were sold to foreigners.

#### EFFECT OF REGISTRY ACT.

Pointing out that during the early days of the war in Europe the American ship-registry act of August 18, 1914, was passed, Commissioner Chamberlain states that a total of 148 vessels, of 523,361 gross tons, were transferred from foreign flags to the American flag and register. "These transfers, however," says Mr. Chamberlain, "unlike those of 1863—64, in very few cases involved a change in the actual beneficiary ownership, but a change in the ownership of record, possible only through the passage of the act of August 18, 1914, which enabled American owners to secure American registry and the use of their own flag for ships built in foreign countries. The transfer of very few of these ships, accordingly, involved an increase in the investment of \$33,392,756.58, but Americans had invested nine-tenths of this capital in these ships long before the outbreak of the European war. At prices current during the year these ships, if purchased, would have cost much more than the amount stated."

Mr. Chamberlain explains that until the act of 1914 was passed it was not possible for shipowners to give to their ships their true national character. "It may be," he asserts, "that had full opportunity been afforded earlier, it would not have been seized. That question is somewhat academic, as in any event the door was closed against them. The more pertinent question is whether the national advantage gained during the last year is to be retained by legislation giving freer scope in maritime ventures to American citizens of enterprise and capital, who in a few months have given to the American merchant flag on the sea a rank and importance second only to the British. In the bitterness of feeling that followed immediately on the close of the Civil War the opportunity to recover a lost position was thrown away when Congress, by the act of February 10, 1866, specifically forbade the return to American registry of ships which had been sold to foreigners 'during the existence of the rebellion.'"

#### AMERICA'S OPPORTUNITY.

"The European war," continues Mr. Chamberlain in his most illuminating presentation of the American shipping situation, "has created an opportunity for the development of the merchant marine in foreign trade which this generation at least is not likely to see repeated. The most efficient instrumentalities for the prosecution of that trade are ocean steamers of 3,000 gross tons and upward. Such ships are economical by comparison with smaller vessels, and it is by means of larger steamers that the great volume of our bulk exports must be carried abroad."

# UNITED STATES SECOND.

The 544 German steamers are not able to engage in foreign trade because of the command of the seas by the British. Eliminating these the table shows that the American fleet of steamers of over 3,000 tons ranks second only to that of Great Britain, and is about one-tenth the size of the British fleet of ocean steamers of over 3,000 gross tons. Of the 305 large ocean steamers which give the United States second place in foreign trade to-day, 90 were registered in the 10 months from September, 1914, to June, 1915, inclusive, under the registry act of 1914, based on the principles, Commissioner Chamberlain says, "which Great Britain has followed for several generations."

Commissioner Chamberlain recommends that Congress enact legislation to prevent the transfer of any of these vessels back to foreign flags after the war in Europe is over. "Congress may see fit," says the commissioner, "to consider the question whether the transfer of a ship under the American flag to an allen should not be conditioned upon the approval of the Secretary of Commerce. A general transfer back to foreign flags of ships which have been admitted to American registry under the act of 1914 is possible under existing law after the close of the European war, although not anticipated. To mention only one matter telling against such transfer, the enormous debt burdens incurred by belligerent nations must be met by very heavy taxation, and shipping, of course, will be expected to bear its share. Foreign taxes on shipping as a rule are not ordinarily onerous. Thus, in the last year of peace, the calendar year 1913, the Hamburg-American Steamship Co. paid an income tax of only 1,158,561 marks on a profit from the year's operations of 58,521,730 marks, its entire property being valued at 354,943,555 marks.

"The taxes which German ships will pay after the war may prove

of 58,521,730 marks, its characteristic of 58,521,730 marks.

"The taxes which German ships will pay after the war may prove to be a heavy burden. The income tax of the Cunard Co. for the same year was only £17,226 on a profit balance of £1,124,581, its total property being valued at £7,974,925. The income taxes of Great Britain have already during the progress of the war been heavily increased. On the other hand, there is no present reason to look for any material increase in Government taxes on American shipping in the near future. Other advantages which we shall have over belligerent nations, and even over some of the neutral powers, will readily present themselves."

Mr. STERLING. I continue the evidence from the same reliable source. Here is an excerpt from the last Department of Commerce report as it appears, or rather as it is outlined in the Journal of Commerce. I read just a short extract:

Late in 1915 and early in 1916 belief that the European war would last three years led to an exceptional development of shipbuilding by the maritime powers not actively engaged in war. In the first six months of 1916 the United States launched and put into operation 192 ships of 228,016 gross tons (each over 1,000 tons)—more than the entire year's output for 1914 or 1915. On July 1, 1916, private American shippards were building or had on order 385 steel merchant ships of 1,225,784 gross tons. The builders' returns indicate that of this

tonnage 159 ships of 444,090 gross tons will be launched before December 31, 1916, thus indicating a total output by the United States, for the 12 months, of 351 steel ships of 672,106 gross tons.

Mr. President, it may be of interest to know how the people out West feel about the shipping bill-how they reason about it. The Sioux City Journal is published in extreme northwestern Iowa and but a few miles from my own home town in South Dakota. While a Republican paper, it has not been for some years at least intensely partisan. It seeks to be fair and is not averse to favorable mention now and then of some Democratic measure or policy of which it approves. It is one of the strong and ably edited papers of the Northwest. To illustrate, in a recent issue is an editorial entitled "Bipartisanship in Congress," in which it is inclined to approve of the course of five Republicans in the House from Iowa, three from Nebraska, and two from South Dakota in voting for the revenue bill.

Without committing myself to the same view at all, I read the last short paragraph from this editorial:

Granting that the cost of preparedness must be paid and assuming that the public which has been applauding preparedness pleas will pay it cheerfully in the least burdensome way, it is doubtful if the administration financiers could have devised a set of new impositions that would arouse less popular criticism. Criticism there will be, but it will come from a class in which the average Congressman—particularly of the West—is not greatly interested.

But, Mr. President, ye editor has also something to say on the shipping bill. He says it in the same issue in an adjoining column under the title "The Shipping Anomaly." I shall not take time to read the entire editorial, but this selection is worthy of note, and I believe the statement of facts and opinion herein made will appeal to the general good judgment and common sense of the people of that great region we now call the Northwest.

Here is what he says with reference to the shipping bill:

The shipping bill, if enacted in its present form, will be the least meritorious effort at constructive legislation made under the leadership of President Wilson. This is putting it mildly. The bill is anomalous and mischlevous. It is difficult to explain the assiduity with which the President has persisted in wishing it upon a reluctant party and country. The ship-purchase plan was proposed as an emergency matter in the early weeks of the European war. In the general demoralization of commerce at that time American trade was suffering severely for lack of ships. It was feared desperate efforts would be needed to lift the blockade. The President proposed to meet the situation by Government purchase of ships, the fear being that private capital would be adraid to take the war risk. It was part of the original idea that the Government should buy belilgerent ships tied up in neutral ports on account of the war.

When the shipping bill failed to pass in the autumn of 1914 its merit as an emergency measure evaporated.

He is a little mistaken there as to the date. The actual failure came—the final failure—March 3, 1915.

came—the final failure—March 3, 1915.

Since that time American foreign commerce has broken record after record for volume and value. Shipping has grown to be the most profitable business in the world. Many new American ships have gone into commission, and our tonnage in foreign trade has more than doubled. Every foreign shipyard is building at its full capacity. Every American shipyard is working at capacity, with orders enough now in sight to keep it busy for several years. Shipowners who are lucky enough to be able to put new bottoms into commission are getting their investment back in one or two voyages.

Why should the United States Government go into the shipping business in such circumstances? In the first place, where is it going to get the ships? An amendment agreed upon by the Senate Democrats forbids it to purchase a ship bearing a belligerent flag or a ship already engaged in American trade unless it is about to be taken out of that trade? If it can not buy idle belligerent ships or American ships, and if both American and foreign yards are engaged for years ahead of the orders now in hand, how is the contemplated American shipping board to mobilize the fleets with which to do business?

Mr. President I want to add to that the thought brought and

Mr. President, I want to add to that the thought brought out the other day by the Senator from Minnesota [Mr. NELSON], namely, that we are unable to buy ships of the neutral maritime nations of the world to-day because of their laws, which prohibit their citizens from selling such ships.

Possibly some one who likes the idea of Government ownership will suggest that there is no hurry about getting the Government lines started, but the important thing will be to build up a merchant marine under public ownership after the close of the war, when rates drop and world competition in shipping becomes keen. Unfortunately the point can not be made in behalf of the pending bill. As passed by the House and approved by the Senate Democrats the bill provides that the Government must get out of the shipping business within five years after enactment. This means that just about the time the Government would be getting hold of some ships and working out plans of operation for them it must turn the enterprise over to private capital, presumably at a substantial loss.

There are some strong economic arguments against Government ownership and operation of ships, but it is not necessary to go into them at this time. The shipping bill as now planned is so inconsistent and impracticable that objections to it on these grounds ought to be sufficient to defeat it.

Mr. President, briefly, I want to go from the West back to the East for a moment and refer to and read partially an editorial from, I think, if not an independent Democratic paper

what we might term a near-Democratic paper, the New York Times. This is the editorial:

THE SHIPPING BILL'S MISFORTUNES.

The shipping bill has had many misfortunes, but none greater

I should like to have Senators just observe this one particular point-

but none greater than the promptness with which official statements of prosperity following its defeat have contradicted equally official claims that the defeat was disastrous. This week the Department of Commerce announces that the United States is building more shipping than any other country, and perhaps more than all other countries.

This is of date July 28, a few days ago.

Nothing like that was ever before known, or could have been anticipated even a few months ago. Yet last week Secretary McAdoo was lamenting that the failure to pass the shipping bill had prevented the purchase of \$40,000,000 worth of shipping, which would now have been worth \$80,000,000, and which would have earned perhaps \$100,000,000 while carrying American goods at one-third the extortionate rates which have been paid.

Now-

Now—
There are some who would think the promised profits dearly bought at the cost of embarking the Government upon such a socialistic experiment. But there can be none who would think it possible that if the Government had gone into the business it would not have prevented the marvelous revival of the general shipbuilding industry. The Government shipping would not have been an addition to the output of 672,106 tons of privately owned vessels, and would have been a paltry substitute for them. No Government subsidy can be imagined equal to the extortionate freights which led private capital at its own cost and risk to make profits which were paid by the foreign buyers of our four billions of exports.

Four billions the value of our exports, and yet an emergency such as to call for the Government engaging in the building and ownership of ships. Think of it!

ownership of ships. Think of it!

The salvation of the country from the undemocratic adventure into Government ownership was pure gain, added to progress in shipping which makes the proportions of the Government's proposals seem ridiculously small. The Secretary is not to be blamed because he could not anticipate that yesterday it would be officially announced from Washington that tonnage of ocean-going merchant vessels being built or ordered in the United States July 1 was 1,000,000, or one-fourth greater than that of vessels under construction in German yards January 1, 1914, the date of the greatest activity in German history.

The number of ocean vessels of more than 1,000 gross tons being built is 195.

Unless the Secretary challenges the statement of the Bureau of Navigation, how can he allow to stand uncorrected his words of last Saturday?

And these wore the words:

And these were the words:

Of all the crass follies that were ever perpetrated on a nation, the worst was the blocking of our efforts to begin the groundwork of a great merchant marine.

I leave the words of the Secretary of the Treasury to speak for themselves and leave anybody to judge of their truthfulness in the light of our experience since the defeat of the ship-purchase bill and in the light of what is transpiring in American shipvards.

Mr. President, I said this bill would not afford relief even if an emergency exists.

By the terms of the bill itself we can not buy ships of the citizens of any of the several belligerent nations now at war. This closes the doors to any purchases from Great Britain, France, Germany, Austria, Russia, Italy, and Belgium.

The citizens of neutral maritime nations who have ships are not permitted under their laws to sell. And our own American shipyards, crowded to full capacity, have orders awaiting that will require at least, according to all estimates, two years to fill. Where will the Government buy and where will the Government build under the terms of this bill?

When would there be an emergency that in time of such vast national indebtedness, involving appropriations for the year amounting to \$1,500,000,000, with the ingenuity of statesmen taxed to the utmost to devise forms and subjects of taxation to meet it all, which would justify a measure like this?

What, I say, would be the emergency that would in the eyes of the American people justify this extraordinary proposal of Government ownership involving \$50,000,000 of expenditure at the outstart and leading no one knows where.

When commerce languishes or dies, when prices wane and profits fail, when business depression and stagnation exist or are imminent, when these conditions assume the proportions of a national evil all because the ships are wanting to get our goods to the markets, hungry and anxious to get them, we may then say there is an emergency, one that would justify us in doing this thing for which there is no constitutional authority. For power to regulate commerce is not the power to engage in commerce or own the instrumentalities of commerce, and a

power like this not conferred should be exercised only in the face of impending national injury, in the exercise of a power of sovereignty which may be above the Constitution itself, but which is akin to the law of self-preservation.

But here we are; shipbuilding going on at a rate unparalleled, exports in quantities and values beyond the wildest dreams. American individual capital, enterprise, and commercial genius are doing it, and we are prating about an emergency that will justify this vast expenditure, leading, as it will, to the discouragement of that individual initiative and enterprise in which we have always boasted and which is the source in the last analysis

of all our greatness.

I feel like saying in common parlance, "Try it on." Let other great and beneficial measures of legislation go by the board. Let the immigration bill, affecting deeply, as it does, our social, industrial, and political life, the one great measure which organized labor everywhere in the United States demands for its just protection—let that beneficent measure go by the board with the rest. "Try it on," I say, and then make your defense and your apologies to a people whose sense of what is fitting, of what is just and fair to them, of what is a wise policy for the Government, has been shocked and outraged by the time spent in the effort and by the final passage of the Shipping Bill.

Mr. SHERMAN addressed the Senate. After having spoken

for more than an hour,

Mr. FLETCHER. Mr. President—
The PRESIDING OFFICER (Mr. Lewis in the chair). the Senator from Illinois yield to the Senator from Florida?

Mr. SHERMAN. Certainly. Mr. FLETCHER. Will the Senator yield for me to submit a unanimous-consent proposal in this matter? I did not want to interrupt the Senator, but the afternoon is passing, Senators may be going away, and in order to submit the proposal we shall have to have a quorum present. I ask the Senator if he will allow me to submit a proposal for unanimous consent?

Mr. SMOOT. I will say to the Senator from Florida that if he proposes to fix a time for a vote I do not think that we are

yet ready for that.

Mr. FLETCHER. That was to be the suggestion.

Mr. SHERMAN. I will yield the floor probably in the course of an hour. If I do not get through this evening, I would like to have the floor in the morning.

Mr. FLETCHER. My proposal was to limit debate to five minutes after 4 o'clock to-morrow, and the proposer of an amendment to be allowed 10 minutes. That would bring us somewhere down to about 6 o'clock.

Mr. BRANDEGEE. Mr. President, I will state that nobody in this direction can hear anything of the proceedings.

The PRESIDING OFFICER. There is complaint of the col-

loquy that the Senators can not be heard.

Mr. SMOOT. It would be hardly worth while to ask unanimous consent and have a quorum called if there would be some one who would then object to the agreement.

Mr. FLETCHER. Will the Senator from Illinois yield for that

The PRESIDING OFFICER. Does the Senator from Illinois understand that if he is taken from the floor by a roll call he will lose his right to the floor?

Mr. JONES. I suggest that the Senator from Florida put off his request for the present.

The PRESIDING OFFICER. The Senator from Illinois will be taken from his feet and he will have to be rerecognized.

Mr. SHERMAN. If I would lose the floor, I object. The PRESIDING OFFICER. The Chair desires to submit to the Senator from Utah and the Senator from Florida this question: The Chair recalls that a predecessor in the chair ruled that where a Senator yielded for the call of a quorum he yielded

his place on the floor and would have to be rerecognized. The Chair does not think that ought to be visited on the Senator from Illinois unless he understands that to be the result.

Mr. FLETCHER. I withdraw the request for the present. Mr. SMOOT. I will say to the Chair that since then the Senate has passed on that very question and a Senator now does not lose his place on the floor by the interruption unless a Senator from the floor requests the Chair to enforce that rule.

The PRESIDING OFFICER. The Chair was only solicitous

that no wrong be done any Senator through misunderstand-

ing what is his right.

Mr. GALLINGER. Mr. President, I wish to take exception to the statement of the Senator from Utah. That is not the rule of this body and never has been.

Mr. SMOOT. I agree it is not; I will say it was a ruling. Mr. GALLINGER. A ruling. The PRESIDING OFFICER. The Chair understands that it is the disposition of the Senate not to have a Senator lose his place by virtue of the call of a quorum. This occupant of the chair will certainly enforce that which seems more just. Does the Senator from Florida yield the floor to the Senator from Illinois?

Mr. FLETCHER. I withdraw the suggestion and request

the Senator from Illinois to proceed.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. SHERMAN resumed his speech. After having spoken in

all about two hours and a quarter,
Mr. NELSON. Will the Senator be willing to yield to a motion to adjourn or to take a recess?

Mr. SHERMAN. Yes, sir. Mr. NELSON. I suggest to the Senator from Florida that the motion be made either to adjourn or to take a recess. The Senator from Illinois will yield for that purpose.

Mr. SHERMAN. I will yield for that purpose, with the understanding that I may complete my remarks in the morning.

Mr. FLETCHER. If it is agreeable to the Senator from Illinois, I should like to have him go on until the usual hour for recess or adjournment.

Mr. SMOOT. If the Senator is tired and does not want to speak any longer to-day

Mr. PENROSE. I do not think the Senator is tired, but his

speech is so impressive and interesting I should like more Senators to hear him, and I was about to suggest the absence of a

Mr. FLETCHER. I was going to make a motion to adjourn. Mr. PENROSE. Very well, if the Senator is going to move

an adjournment.

Mr. GALLINGER. I was about to suggest that if it is practically agreed that we shall vote on this bill to-morrow, we ought to take a recess in place of an adjournment.

Mr. SMOOT. It will not make any difference.

Mr. GALLINGER. Yes; it does. If we adjourn, we shall probably consume an hour or two in routine morning business and matters connected with it.

[Mr. Sherman's speech is printed entire in the Senate proceedings of August 15, 1916.]

Mr. FLETCHER. I move that the Senate adjourn until tomorrow at 11 o'clock.

The motion was agreed to; and (at 6 o'clock and 10 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, August 15, 1916, at 11 o'clock a. m.